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ELECTION '97: no one's pulling our strings



# THE INDEPENDENT

No 3,217

TUESDAY 11 FEBRUARY 1997

WEATHER: Heavy rain spreading from the west.

(IR45p) 40p

## THE TABLOID

Why we are  
sadder than  
our parents

## THE TABLOID

Christian Dior's biggest  
moment

## NEWS

The nanny  
who could face  
a murder charge

# Blair hit by Old Labour junketing

CHRISTIAN WOLMAR  
Westminster Correspondent

A council run by a tightly-knit group of Labour politicians, two of whom are front runners to fight a parliamentary by-election, has been strongly criticised by the District Auditor over junkets, expenses, and "inappropriate" gifts and hospitality.

The criticisms are an embarrassment to Tony Blair because they dent New Labour's image and resurrect the spectre of old-fashioned town hall politics which the Labour leader is desperate to shed.

Councillors on Doncaster council, where Labour has an overwhelming majority, went on trips around the world, including to Japan, Hong Kong, China, Sweden, Poland and the United States, without formal activity and no public records of the

trips were kept by the council.

According to the District Auditor, the accountant who audits the council's accounts, councillors on some trips flew club class - breaching council rules. They went on drunken binges running up staggering bills, with one meal for two costing £284 and "working" lunches at £50 per head where most of the bill was for alcohol.

At a meeting last month of leading officers and councillors, the District Auditor, Gordon Sutton, said: "The level of alcohol consumed at these lunches makes it unlikely those attending them could do any work in the afternoon, let alone stand up." Councillors and officials accepted "inappropriate" hospitality in-

cluding raffle tickets where the prize was a trip for two to the Kentucky Derby.

The revelations will cause widespread alarm at Labour Party headquarters, which only last week published a document stressing the virtues of the party's local government stewardship. It is particularly embarrassing because the selection process for the vacant Don Valley seat, caused by the death of Martin Redmond, has just begun.

Two councillors and front-runners for the nomination - the council leader, Peter Welsh, and Labour group chairman, Tony Sellar, lead a small group of Labour councillors who act as an inner caucus running the council.

Tory Central Office, which will do its utmost to exploit Labour's embarrassment, has known of events in Doncaster for some time but had hoped to keep a lid on them until the election campaign. The Tories will also find it harder to launch an attack on Labour's record on local government since the amounts of money involved in Doncaster pale into insignificance compared with the £20m surcharge imposed on councillors and officers in Tory-controlled Westminster.

Mr Welsh went to Japan in December, where he visited a racecourse. Mr Sellar, who on Sunday night won the nomination from the ward to select his candidate for Don Valley, went on four trips - to China, Poland, Sweden and Jersey. Mr Sellar accepted yesterday he had been on a twinning trip to the Chinese town of Dandong travelling business class, but could not recall whether he had been on the other trips. He said: "I will have to look at my diary we have a system of authorisation by officers. Maybe we rely on officers too much."

The District Auditor told last month's meeting of senior officers and councillors that there was a "lack of control" over the foreign visits, that the rules were "ambiguous and open to interpretation", and there was "abuse of the system".

Although the chief executive, Doug Hale, had authority to sanction trips, sometimes this had not

been sought. Mr Sutton said: "For-ign trips had taken place without authority from the chief executive or council leaders."

Some council members had travelled club or business class, whereas council rules specified economy.

Mr Sutton also questioned the payment of £30 per day subsistence allowances to councillors for "incidental" expenses when, in fact,

council credit cards issued to them were already used to pay for mini bars, telephone bills and videos. A source at the District Auditor's office said: "There is evidence that overclaiming has occurred."

A council policy and resources committee voted last week to withdraw all but six of the 27 council cred-

it cards which had been issued to councillors and senior officers. It also voted to scrap foreign trips, saving an estimated £115,000 per year and the £12,000-a-year Jaguar, leased to council leaders, is to be returned.

Doncaster owns the local racecourse at which the free bar for members of the racecourse committee and a free drink for any other councilor also came under criticism from Mr Sutton.

The overall cost came out of a special budget which the council said amounted to less than £200,000. Last week, the council also discussed proposed cuts of £20m in its budget because of reductions in central government grant. A council spokesman said last night that the District Auditor's report was being acted on and new guidelines drawn up.

Further report, page 11



## Tory threat: We will make the Scots pay

Anthony Bovis  
Political Editor

The Conservatives yesterday threatened to punish the Scottish people with an annual penalty of almost £250m if cutbacks if they allow Labour to set up an Edinburgh parliament.

Scottish Secretary Michael Forsyth warned that the differential between spending north and south of the border - amounting to more than £290 extra for every man, woman and child in Scotland - could be slashed from central Government spending.

But George Robertson, Labour's spokesman, told *The Independent*: "The Scottish people do not recognise that they are being subsidised; and see no signs of it about them."

"In England, people think that if the Scots are being that lavishly subsidised, why did Mrs Thatcher do nothing about it?"

After a day of disarray and confusion in Cabinet ranks, with Health Secretary Stephen Dorrell twice appearing to contradict the Government line on Labour's devolution plans, the Prime Minister's office said there was no disagreement between ministers.

Repudiating a suggestion that a future Conservative government would abolish the Scottish parliament - a threat reportedly made by Mr Dorrell in an interview with *The Scotsman* - Mr Forsyth said: "A Scottish parliament is not just for Christmas; it's for life."

He also contradicted Mr Dorrell's statement, in a BBC radio interview yesterday, that there would have to be changes to any Scottish parliament that was set up by Labour.

Mr Forsyth said a parliament would be irrevocable, adding: "Once Humpty Dumpty falls off the wall, he will not be put back together again no matter how many of his king's horses and the king's men turn up..."

"It would grow into a creature which might do enormous damage in

Scotland, but we would have to live with the consequence of it."

However, Mr Forsyth said: "If people in Scotland vote for a tax-raising parliament, and that is established, then the consequences that follow from that, in terms of the rights of Scottish members of Parliament to vote at Westminster, are quite serious." Question of the future of Scotland's parliament - at the moment, Scotland is about 30 per cent better funded per head than England - all of those issues will need to be resolved, and there will be very dramatic and adverse consequences for Scotland."

The Scottish Office last night provided figures showing that in the latest available year, identifiable spending by country was £3,614 for England and £4,505 in Scotland in 1994-95.

If the 24.6 per cent differential was cut from the identifiable, £23,120m Scottish budget for 1994-95, it would have cost Scotland a penalty of about £5.7bn.

A senior Labour source said Mr Forsyth was maintaining his tactic of trying "to frighten the children", while Mr Dorrell was adopting the softer line that action could be taken to mitigate the impact of a new parliament.

In a letter to the Prime Minister last night, Mr Robertson said: "There is now a deep and disturbing division within your Cabinet on this aspect of your Government's policy on devolution, with the Scottish Secretary apparently isolated. Can you say which side you support?"

Jim Wallace, leader of the Scottish Liberal Democrats, told BBC radio: "Stephen Dorrell has blundered out of his depth. He doesn't appreciate sensitivities in Scotland. If the objective of the Conservative and Unionist Party is to save the Union, I can't think of one act more calculated to break it up than to give people a Scottish parliament then try to take it away."

Donald Macintyre, page 19

## The elderly inherit, not the meek, as thrift leads to record number of millionaires

Steve Boggan

The meek are not inheriting the earth - the elderly are. According to new research into the distribution of wealth in the United Kingdom, one in 55 adults is a millionaire, and the fastest-growing group are pensioners.

More than 81,000 people are now classed as millionaires, the most in history, for the first time, the number who have grown rich by graft and thrift has overtaken those who have inherited wealth.

The research, by Datamonitor, a strategic management

consultancy, shows that the number of millionaires - people with net, unencumbered assets over £1m and £50,000 in liquid assets - has more than doubled since 1991 when the figure stood at 31,100.

More than 19,000 of those are over 65, but only 17,000 out of the total of 81,000 inherited their money.

This shows a major shift in wealth reflecting people's concerns about providing for themselves in their old age, rather than relying on state provision.

David Lamont, Yodgasundram, an analyst at Data-

monitor, from public records at the Inland Revenue, the Central Statistical Office and the Office of National Statistics, show that in 1991, 8.2 per cent of millionaires were elderly - over 65 - compared with 9.5 per cent who were heirs.

By 1995, the balance had shifted to 19.1 per cent elderly and 16.8 per cent heirs.

Of all millionaires, 24 per cent are elderly, almost 21 per cent inherited their wealth and 12 per cent saved it from highly paid employment. Last year, of the 10,000 new millionaires, 2,000 were elderly, 1,200 were heirs and 810 were workers.

There is also a small, but increasingly significant, group who have gained their wealth through the National Lottery. By the end of 1996, there were 288 lottery millionaires; the figure now is nearer 300.

The research does not, however, look at the strikingly obvious - the fact that more millionaires at the top must equate to more poor people at the bottom.

Datamonitor is preparing new research on what it calls the "middle bracket" of earners, those with £10,000 to £100,000.

However, asked whether a third piece of research would be forthcoming on the poor, Datamonitor said no. "There's not much call for that," said Mr Yodgasundram.

Just as well. The price for a copy of the latest report, *UK High Net Worth Individuals 1997*, is £1,495.

Robyn Wheeler



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## news

## Significant efforts

**Blair attacks Chancellor over £14bn 'black hole'**

Tony Blair yesterday called on the Chancellor of the Exchequer to clarify whether or not there was a "black hole" in the Government's finances.

The Labour leader was referring to a report in yesterday's *Independent* that the National Institute of Economic and Social Research has calculated there will need to be tax increases or public spending cuts of up to £1.4bn. "What this indicates yet again is a great big black hole in the public finances," Mr Blair said.

Speaking at a news conference on Labour's plans for small business, he added: "What I would like to know is what the Chancellor of the Exchequer says to this. Is this true or not? Does this deficit exist or not?"

The study by the National Institute, headed by Treasury adviser, Martin Weale, is due to be published next month.

Diane Coyle

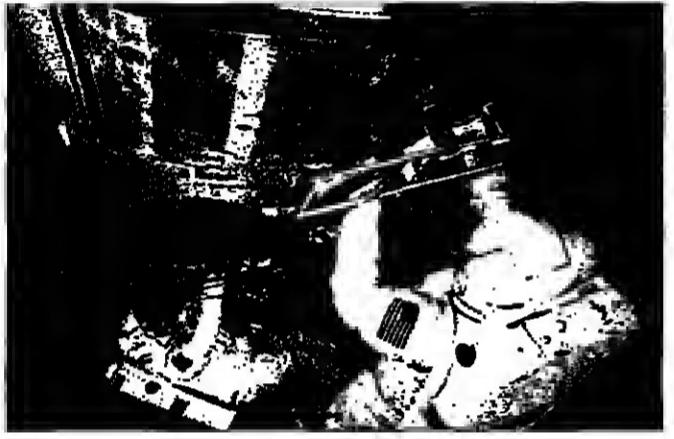
**Jury fails to reach verdict on killing**

A jury in the trial of a father and two sons accused of murdering wife and mother Eve Howells were sent home overnight last night after failing to reach verdicts. The seven men and five women will resume deliberations tomorrow at Leeds Crown Court, where they spent six hours considering the case today.

David Howells, 48, and sons Glenn, 17, and John, 16, plead not guilty to murdering Mrs Howells, 48, at the family's home in Dalton Green Lane, Huddersfield, West Yorkshire, in August 1995. Glenn admits the manslaughter of his mother on the grounds of provocation. He claims he bludgeoned her to death in their living room after suffering years of mental and physical cruelty.

**Missing teenager found safe**

A missing anorexic teenager, Jackie Hooker, was found safe, police said yesterday. She was found in Brixton, south London, said Thames Valley Police. The news came after Colin and Lynne Hooker made an emotional appeal for the 16-year-old, who weighs just 4st 8lb, to make contact with them.

**Mission to repair Hubble telescope**

Astronauts are to make a series of space repairs to the Hubble Space Telescope (HST) over the next week, to enhance its stunning astronomical capabilities even further.

The Space Shuttle was due to take off yesterday on its way to the second repair mission for the HST, first launched in 1990. The astronauts on board will carry out at least four spacewalks in order to replace some of the older observation instruments and install state-of-the-art systems that will give even better views of the origins of the universe. They have been training for the mission for two years, carrying out the work on full-sized underwater mock-ups (above), to simulate the weightlessness of space.

Charles Arthur

**Pop singer Brian Connolly dead**

Brian Connolly, the once-hard-living singer of 1970s glam rock band, The Sweet, died early today, aged 52, a friend disclosed.

Connolly, whose hits included *Blockbuster*, *Ballroom Blitz* and *Wig Wag Bam*, died of renal failure in hospital in Slough with his friends and family around him.

The blond singer had a string of heart-attacks behind him, which started in 1981. He suffered the last in January this year, discharged himself from hospital after a week, but was re-admitted a week later for the last time.

*Obituary, page 16*

**Poor deal for low-income savers**

Low-income savers get a poor deal from financial institutions they entrust with their money, according to a report published yesterday by the National Consumer Council. The NCC believes that the closure of bank and building society branches, plus local offices, all while away at effective consumer choice.

The report makes 20 suggestions to improve matters, including a call for banks to attract more young customers for National Savings, the government agency, to provide cheap pensions; and for more education about financial matters.

Nic Cicutti

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## people



Piano man: A personal favourite of Governor Chris Patten, Elton will be top of the bill in June

**Elton to perform as the sun goes down on British rule**

The magic combination of Elton John, Hong Kong's Urban Services Department and the fulfilment of the second Convention of Peking are coming together in June for celebrations to mark the handover of power in the colony. Elton is the first internationally famous star to have been firmly booked by the Urban Services Department for one of the concerts which will celebrate the transfer of power.

Practically every other famous name in the music world has been mentioned as a potential performer for a handover concert. However, those organising these events have been curiously slow off the mark and are having difficulties booking real superstars at relatively short notice.

But Elton has confirmed: "He is coming to Hong Kong on the last weekend of the handover." Peter

Randall, head of public relations at the Hong Kong Tourist Association, said yesterday

Organisers said they hoped 40,000 people would pack Hong Kong stadium for each of the shows on 28 and 29 June. Thousands of tourists are expected, and – with many hotel rooms already taken by journalists, officials and diplomats, it is likely to be one of the biggest parties in the world this year.

The explanation for Elton John's presence seems to lie in the personal preferences of Hong Kong's Governor, Chris Patten, an avid music lover, is said to be a big fan. He invited Elton to lunch at Government House in 1993.

Elton's songs are extremely popular in China, though he has had less luck with plans to perform on the other side of the border. Authorities in Peking are said to have

objected several years ago when the idea was mooted of an Elton John concert within the walls of the imperial Forbidden City in Peking.

Hong Kong plans to spend HK\$223 million (£18m) on glitzier ceremonial to mark the handover. The Black Watch will be in attendance, to lend the appropriate note of post-imperial grandeur.

The Union Flag will be lowered for the last time in Hong Kong at midnight on 30 June, marking the end of more than a century and half of colonial rule. China's red flag will then be hoisted.

Perhaps the most apt number for Elton to perform, given the nervousness amongst the HK population, would be an old concert favourite – "Don't Let the Sun Go Down on Me".

Stephen Vines  
Leader, elevated, Page 15

**West End actors banned by US Equity**

Janet McTeer's acclaimed West End portrayal of Nora in Ibsen's *A Doll's House* may now not be seen in New York after a fierce row broke out between the play's British producers and American Equity.

The US actors' union has banned three of Miss McTeer's co-stars, Cathi Teale, John Carlisle and Peter Gowar, saying the parts could be played by American actors. Miss McTeer (right) has been granted permission to act on Broadway. Both Miss McTeer and Owen Teale have been nominated for Olivier Awards for their performances.

The show's producer, Thelma Holt, said there was no way she could let the production transfer without the three performers in question.

She added: "One of the reasons we have given is that it's not an English play so you don't need English actors. How ridiculous." Fellow West End producer Bill Kenwright, who was set to spend \$1m taking the production to New York, said: "It's a mind-blowing decision. I thought they would welcome us with open arms."

Mr Kenwright will be appealing to American Equity. He had already made an application for an exchange procedure, by which he would bring three American actors into a London production.

**Liam and Patsy call off their big day**

Liam Gallagher and Patsy Kensit (right) yesterday failed to tie the knot, despite having more than 100 guests, albeit uninvited ones, in attendance at three different London venues and their St John's Wood home.

The Oasis singer and his girlfriend, who had obtained special licences for six separate locations, instead issued a statement saying that "obsessive and intrusive media attention had removed any dignity" from what was to be a private and special occasion".

Not since Miss Kensit last got married has so much press attention been generated by so little. Reporters and cameramen were deployed across the capital in the hope that they would hit on the correct venue.

Press attention was particularly intense at 30 Pavilion Road, an exclusive Knightsbridge restaurant and odds-on favourite for a combined ceremony and reception. The uninvited passed the day leaning on redundant police barriers, while photographers with long lenses cat-called at each other from the roofs of nearby office blocks.

While fans were disappointed, one freelance photographer went home happy. He was being paid £100 per day by eight newspapers to be on standby, and had made £800 by doing nothing. "I hope they do it again tomorrow," he said.

Jojo Moyes

## briefing

## TRANSPORT

**New traffic laws for Britain in EU drive to cut deaths**

Britain will have to bring in new road safety measures if the target of halving car deaths in Europe by the year 2010 is confirmed, according to an EU report. Member states need to standardise speed limits, reduce legally acceptable levels of alcohol for drivers, increase seat-belt use and modify car design, said the European Transport Safety Council.

In an influential proposal to the EU, the ETSC called for the introduction of a strategic road safety plan to cut fatalities. Many of the measures are likely to be brought in by the Dutch presidency, which is putting forward a package of road safety policies before the summer. The plan could mean new laws for Britain, despite its position as top of Europe's road safety league.

The ETSC report called for the EU to aim for 95 per cent of drivers to use seat belts, saving 7,000 lives a year, and for road standards to be harmonised across Europe. Motorists driving on the Trans-European Road Network – the motorway which will link Europe – would have to travel at under 75mph.

## SOCIETY

**Accent on Scotland**

A Scottish accent is the nation's favourite, according to a poll conducted by Cellnet, the mobile telephone network. Eighteen per cent of people found a Scots accent the most appealing. But when asked whose telephone voice was the most trustworthy, nearly half voted for the traditional English counties accent.

The poll, carried out among 993 adults, also showed that the actor Sean Connery was the people's choice for the perfect voice. Joanna Lumley and Andrea Turner tied in second place. David Garfinkle



## ECONOMICS

**Clarke's pay crusade fails**

Kenneth Clarke has failed in his 10-year mission to revolutionise the way Britons reward themselves for work, according to a study published today. In a speech on 11 February 1987, Mr Clarke, then Secretary of State for Employment, called for the elimination of five deadly sins of the annual pay round, the going rate, "comparability", job evaluation and – perhaps worst of all – national pay bargaining.

A decade later, all five still have a major role to play in wage determination, research group Incomes Data Services observes. National pay rates still exist at the banks, the big supermarket chains and companies such as Ford, Vauxhall and McDonald's.

So far as "comparability" is concerned, the vast majority of people still get an annual pay rise reflecting what is happening elsewhere – whether through inflation or what is being paid by competitors.

Barrie Clement

## HEALTH

**Hip replacements a waste of cash**

Unreliable hip replacements are not lasting long enough, causing pain and wasting money, according to the Consumers Association. Only the easiest and cheapest models – a handful of the 60 models on the market – last for a worthwhile length of time.

Operations to replace failed implants now made up about 11 per cent of all hip replacements in Britain, and some experts predict this figure could soon rise to 25 per cent. These "revision" operations are more complicated, more expensive and have a poorer success rate than the initial replacements, the *Health* Which? research found.

More than half the models on the market had been introduced since 1990, but only the easiest and cheapest implants had enough long-term evidence to support their use, it argued. However Health Which? claims the latest models made more money for manufacturers who were keen on them being used by as many surgeons as possible.

Glenda Cooper

## WHITEHALL

**Top civil service posts vacant**

Six high-ranking civil service posts were left vacant last year because departments were unable to find suitable candidates to fill them. An annex to last week's review body report on "senior salaries" says that, following open competition for 67 senior Whitehall vacancies in the year to June 1996, no appointment was made in six cases "either because there was no appropriate candidate or because suitable candidates had declined offers".

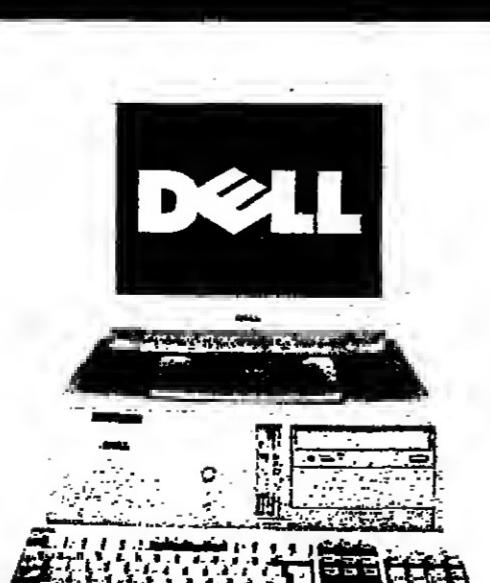
The Civil Service Commission told the review body that increased pay flexibility had helped recruitment generally, but "it was still difficult to attract top quality candidates – in particular from the private sector." In the most senior ranks, women still found it difficult to break through Whitehall's glass ceiling. For vacancies in the top three grades: "women represented 13 per cent of applicants, 1 per cent of those short-listed for interview, and 10 per cent of those successful."

Nineteenth Report on Senior Salaries. Review Body on Senior Salaries. Volume 1 Cm3540. HMSO, £7.20. Anthony Bevins

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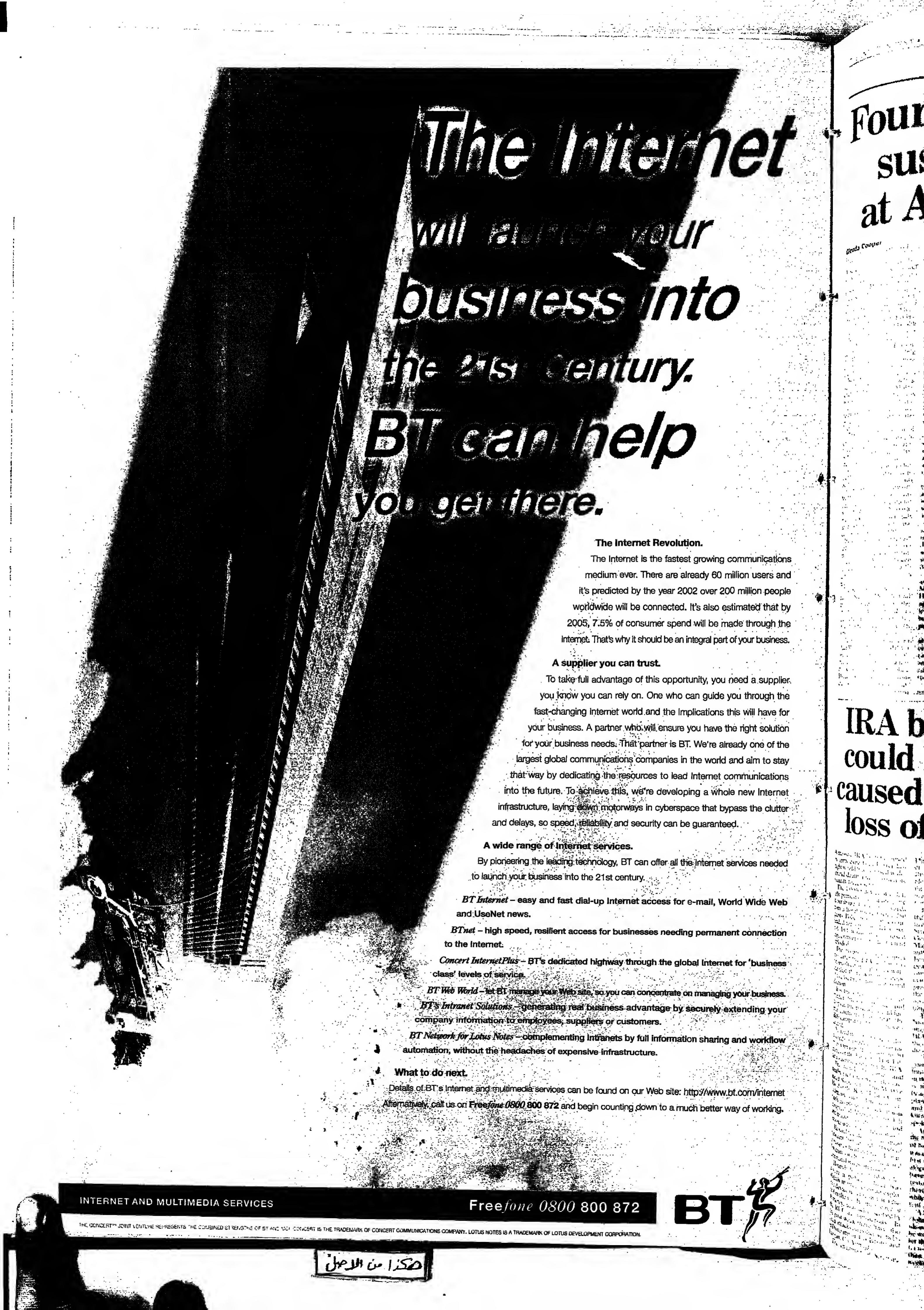
**Calls greater drug-test**

James Arthur

See Econ

After reading the article on the new drug test for the Olympic Games, I am very concerned about the potential impact on athletes. The test is designed to detect illegal drugs, but it is also likely to detect legal substances that are not prohibited. This could lead to many innocent athletes being unfairly





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# Fourth person suspended at Ashworth

Glenda Cooper  
Social Affairs Correspondent



A senior psychiatrist has become the fourth member of staff to be suspended at Ashworth Hospital on Merseyside, after the discovery of pornography and alleged paedophile activity. It follows the suspension of its chief executive, Janice Miles, and two nurses last Friday, when the Department of Health ordered an immediate inquiry into "extremely serious" allegations concerning the Personality Disorder Unit, including claims of drug and alcohol misuse and financial irregularity.

New, stringent measures were announced by the acting chief executive, Erville Millar, who denied the hospital was "out of control" and said yesterday's suspension did not imply guilt but was made in the doctor's best interests.

"This hospital is not out of control. It is very much in control and it is very clear what it is trying to do and what it is trying to investigate," he said.

Ward-based visiting by children has been banned throughout the hospital, as have visits to the hospital by ex-patients. Mr Millar confirmed that any videos brought for patients would be vetted by staff, as was normal procedure, and any gifts and packages brought in for patients were also searched.

He confirmed a computer and a modem had been removed from a ward and patients from Lawrence Ward had been relocated in the hospital, with concerns for their safety in mind.

The Secretary of State for Health, Stephen Dorrell, told the Commons yesterday that the inquiry, headed by retired circuit judge Peter Fallon QC, would report within the year. Its report will be made public.

The action was taken after Alice Mahon, Labour MP for Halifax, gave ministers a 60-page dossier compiled by a former Ashworth patient, Stephen Daggert, who absconded from the hospital for 10 days last year.

The hospital, whose most

posed "the dreadful inadequacy of the monitoring systems which are supposed to ensure safety at high-security hospitals". "The revelations are shocking," she said. "But as disturbing is the fact that this alleged trade in pornography and paedophile activity could have gone on undiscovered in a hospital that has already been subject to a recent fundamental and far-reaching inquiry under the chairmanship of Sir Louis Blom-Cooper."

She said the inquiry must address "the chronic shortage of staff" at the hospital unit and said the "ganging of staff" by the Government had made it more difficult to bring to light such allegations.

Mahon: Prompted inquiry

famous inmate is the Moors murderer Ian Brady, had not passed on the information to the Department of Health - even after a "substantial" amount of pornography had been discovered in the Personality Disorder Unit - and continued to maintain that press reports were "unfounded".

Mr Daggert said large quantities of pornographic videos were found on the premises and some patients were able to amass large sums in their bank accounts by copying and selling tapes.

He also said he had concerns that a young girl was being put at risk by being brought into the ward, including the claim that she was left unsupervised with a sex offender.

In his statement, Mr Dorrell said that on Friday he had instituted "urgent action to address the very serious situation which had been brought to my attention in the previous few days".

The public is entitled to reassurance on two counts," said Mr Dorrell. "Firstly, Ashworth Hospital must be properly managed and must provide a high level of security for the benefit both of patients and of the public at large."

Secondly, the hospital must also ensure that its patients receive a high standard of clinical care. The action that I announced on Friday is directed at the achievement of both these objectives."

Tessa Jowell, shadow health minister, said the revelations ex-

## IRA bomb could have caused huge loss of life

A massive IRA bomb defused by army experts in Ulster last night would have caused widespread death and destruction, security forces said.

The 1,000lb device was left fully primed on a building site in Strabane, Co Tyrone, yards from a hotel packed with 250 guests. Police believe it was intended for a passing RUC patrol, but would have caused huge civilian loss of life if it had exploded.

The bomb attempt comes days after the IRA said it was not involved in a "phoney war" and that there was little hope of a ceasefire before a general election.

It is the latest in a spate of murder bids on police and troops in the past week and further confirms fears that the IRA's campaign of terror has escalated.

Yesterday's bomb was discovered on a building site on the main Omagh Road within 50 metres of the Fir Trees Hotel after a warning call from the IRA.

The hotel, 26 homes and nearby factories were all evacuated. Superintendent Mervyn Hood of the Royal Ulster Constabulary said: "This was certainly no phoney attack, it was designed deliberately to kill and maim security forces and anyone who got in their way."

He said the device contained between 1,000lb and 1,500lb of explosives held in three 45-gallon drums with a firing pack and command wires attached.

Hours before yesterday's discovery a police officer was slightly injured when an explosive device was thrown at a patrol in the Co Tyrone village of Pomeroy, an attack described by the RUC as "murderous". In the past week there have also been attacks on police vehicles in Dungannon, Co Tyrone and Lurgan, Co Armagh.

The chairman of Strabane

District Council, Edward Turner, said he would now have no choice but to advise business people against future investment in the area. "We've had something in excess of 500 bombs here over the years," he said.

In London, security around the House of Commons was noticeably tightened as Downing Street rejected an appeal by Gerry Adams in a fax to John Major for the Prime Minister to authorise official talks with Sinn Fein to "kickstart" the stalled peace process. The Prime Minister's office said it was "hypocritical" of the Sinn Fein president to call for talks with the Government while the IRA was planting bombs and planning terrorist attacks.

The hostile response from Number Ten underlined the anger among ministers at the IRA's warning last week that there would be no renewal of the ceasefire before the election.

The UK Government is not going to authorise anyone to have discussions with Sinn Fein in the absence of a ceasefire. It is hypocritical to talk about peace when bombs are being planted in Northern Ireland and possibly elsewhere - who knows?" said a Downing Street spokesman.

Andrew Hunter, chairman of the Northern Ireland committee of backbench Tory MPs, said it was up to Sinn Fein to make the first move. But he added: "Dialogue has to be meaningful and based upon an unequivocal restoration of the ceasefire and there is nothing to talk about while the Provisionals are still intent on ... violence."

A Sinn Fein spokesman said: "John Major has said he has new ideas for the peace process, but he wants to leave them until after the election. We would prefer to bridge this gap now rather than have a vacuum for 12 weeks until the election is over."

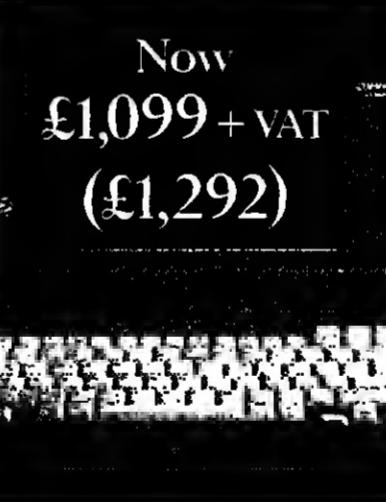


Stormy weather: Gale force winds lashing Blackpool pier and tower yesterday. The strong waves, some 80ft high, breached the town's sea defences, forcing the closure of Blackpool's famous promenade to all traffic and trams

Photograph: John Gladwin

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## politics

# Dorrell set for a climbdown over NHS Bill

**Colin Brown**  
Chief Political Correspondent

A retreat on the NHS Primary Care Bill is expected to be signalled today by Stephen Dorrell, the Secretary of State for Health, to avoid a row with family doctors over "supermarket surgeries" spoiling the Tories' general election campaign.

Mr Dorrell privately has assured the doctors' leaders that an amendment will be made to the Bill during the committee stage to make it clear that supermarket chains will not be able to hire GPs, although pilots may be allowed for supermarkets to open surgeries with GPs as their tenants.

Labour will reinforce its opposition to the "supermarket clause" by forcing a vote tonight against the second reading of the Bill. The Labour motion says the proposal to allow private companies to hire GPs would undermine the doctor-patient relationship and "pave the way for privatisation of the NHS".

Mr Dorrell agreed to revise the clause after the British Medical Association warned that it would ask GPs to make the proposal for "supermarket surgeries" an election issue. Among stores which have expressed an interest are Asda, and Unichem, the chemist chain.

The move by Mr Dorrell to silence the criticism comes as the Government is gearing up

for the election with a series of economic statistics – including the labour market figures tomorrow and the retail price index on Thursday – which are expected to show continued economic recovery.

Downing Street said a "belting set of industry pricing figures" showed record lows demonstrated the "very low inflation pressures in the economy", a clear sign that John Major is supporting the Chancellor, Kenneth Clarke, in resisting the pressure by Eddie George.



Eddie George: Pressure for an increase in interest rates

the Governor of the Bank of England, for an increase in interest rates.

Mr Clarke caused a renewed

flurry of speculation about the election date when he told a conference of newspaper editors in London: "We're bound to get one called in the next few weeks."

The Prime Minister must call an election by 22 May and although he is known to favour hanging on until 1 May – the date of the local elections – there was speculation that next week, he might cancel the Wirral South by-election on 20 March or 10 April.

Defending Britain's rejection

of the European social chapter, William Waldegrave, Chief Sec-

retary to the Treasury, said an extra 33 million Europeans could be in work if the Conti-

nent matched the job-creating

record of the United States.

In a keynote speech to the Social Market Foundation in London, Mr Waldegrave urged Europe to adopt an American-style flexible labour market.

He rounded on Britain's Eu-

ropean Union partners for cre-

ating the European social

chapter on workers' rights, and

for burdening employers with

high levels of protection for

staff.

Mr Major is expected to give

a boost to the Tories' election

campaign on education at a

press conference in London

today. Government sources said

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The Government is to expand

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## LINK INTO LATIN AMERICA



Meeting of continents: John Major extolling the merits of Britain as the best place to do business at the Latin America trade conference in London yesterday, which was attended by the presidents of Peru, Brazil and Panama

Photograph: Russell Boyce/Reuters

## Role-play to give women that vital push for Parliament

**Fran Abrams**  
Political Correspondent

Aspiring Labour MPs could find themselves role-playing advice surgeries or showing their talent "on the stump" under plans aimed at putting more women into Parliament.

Plans to introduce a variety of new tests for selection app-

plicants are being considered by a committee set up to find a replacement for all-women shortlists, which were declared illegal last year.

The group, which is expected to report to the party next month, may also suggest replacing the controversial all-women lists with a quota system under which shortlists would

have to be at least 50 per cent female. A third reform under consideration is a central "approved" list of candidates like the one already run by the Conservatives.

The idea of role-play is designed to make selection pro-

cedures more women-friendly.

Party sources say that many women fail to push themselves

forward under the existing se-

lection procedures, in which

candidates are questioned in

crowded meeting rooms. They

add that some candidates who

impress members with their

platform skills turn out to be

hopeless on the doorstep or

when dealing with constituents.

"You could select someone

who has made a brilliant speech

and then when you get them out

on the campaign trail they are

no good at all," one MP said.

All-women shortlists were

outlawed last January by an in-

dustrial tribunal in Leeds after

two male members complained

that they were being discrimi-

nated against. Since then the

proportion of women selected

for winnable seats has plum-

meted. Labour's overseas-aid

spokeswoman, Clare Short,

pointed out recently that she

was one of only 187 women MPs

ever elected to Parliament.

The policy had already had

some effect, and is likely to

boost the number of women

MPs to around 90 out of 660.

However, this will still be very

low in comparison to other

countries such as Germany,

where around a quarter of MPs

are women. There, the Social

Democrats operate a quota

system.

Mary-Ann Stephenson, cam-

paigns officer for the Fawcett

Society, which campaigns for

more women in Parliament and

public life, welcomed the pro-

posals.

"This could make a differ-

ence. Widening the selection

procedure so that it is not just

about being able to make one

big barn-storming speech at

one meeting is quite important,"

she said.

She added that extra training

for potential candidates could

also help them to put their

best feet forward.

## Harman plans one-stop shops for unemployed

**Colin Brown**

Some social security offices will be sold off in a merger with High Street JobCentres, saving the taxpayer up to £100m, under plans by Harriet Harman, Labour's social security spokeswoman, to introduce "one-stop shops" for the unemployed.

The plan fits in with the "simpler and smarter" government promised yesterday by Tony Blair, the Labour leader, and Ms Harman claims they could transform help for the unemployed to get back into work with a saving for the taxpayer.

Ms Harman, who has yet to announce the details, estimates that there could be a saving of £50m a year on administration costs, with a one-off saving of £50m on the sale of unwanted social security offices or JobCentres. "It's not just about saving money. It's about improving the service to the customer."

Under the changes, which have the backing of Citizens' Advice Bureaux, which deal with the problems, claimants would be able to obtain help with their job search at the same time as they applied for their weekly benefits. The one-stop shops, using computer technology, could also advise on the availability of childcare facilities to enable mothers to seek work, and it could be used for the payment of housing benefit which is currently handled by local authorities. A tougher complaints procedure for customers would be introduced to reinforce the improvements.

The starting point has to be refocused so that for people of working age, the emphasis will be on getting them off benefit and into work. You have to focus the service to getting smaller, but smarter, government," said Ms Harman.

It would end the duplication of queues, which Ms Harman said in Derby, where claimants have to queue for their benefit in one office, before going into the JobCentre next door to queue again for vacancies. That waste of time and resources, she believes, is repeated across Britain, and is hindering claimants from finding work. Streamlining the delivery of help for claimants and those seeking work could also help to cut fraud.

Blair at work on small businesses

Tony Blair is to make a concerted effort to portray Labour as the party of small business in the run-up to a general election with a series of initiatives aimed at highlighting the Tories' failings, writes Fran Abrams.

At the launch of Labour's latest campaign yesterday, the party's small-business spokeswoman said the present government had created more regulations than it had abolished, tying up companies in swathes of red tape.

Labour has promised to double the loans made to small technology firms under a government guarantee scheme in association with the banks and to have an annual parliamentary

debate on small business. It also says it will give small firms a stronger voice on the Deregulation Taskforce and provide an internet site which can be used for training.

Next month the party will hold a forum with small-business men and women in London to discuss projects which might help to cut red tape.

In the next few months the shadow chancellor Gordon Brown, shadow president of the board of trade Margaret Beckett and small-business spokeswoman Barbara Roche will take part in meetings and discussions throughout the country to highlight the cam-

paiges" in the House of Commons are not the same as questions elsewhere. Outside (doubtless a consequence of our education system), the word suggests something to which an "answer" might be forthcoming. This convention stops at St Stephen's church; after nearly two decades in power this lot of ministers have perfected all the other, less revealing, ways of dealing with the impertinences of implied criticism.

For the first 10 years, of course, it was "when the honourable gentleman's party was in government, the country was five minutes away from insurrection and the blood of white Englishwomen ran red in the streets".

One oasis in this desert, however, is transport questions. Here, as yesterday, the chosen technique is not abuse or evasion but extreme long-windedness. True, the replies invariably begin with an expression of astonishment and hurt that the hon. gent or lady opposite should be so ignorant of the facts, or unappreciative of heroic government efforts, as to ask such a hostile question. But then they set to and answer. And answer. And answer.

Take junior minister John Watts, who is capable of immense exasperation on the subject of planting trees next to motorways, and will always sacrifice an unnecessary joke in favour of a lengthy invitation for members to join him in a visit to said trees.

His colleague, John Bowis, is equally unfriendly. He it was who fielded an enquiry from Michael Brown (Con, Brigg and Cleethorpes) concerning drivers falling asleep on the M180/A180. A study from Loughborough University had suggested that there was "clear evidence that if one travels to an easterly direction towards Grimsby, the road has certain conditions that cause drivers to go to sleep".

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news

# The justice system is racist, says mother

The mother of the murdered black teenager Stephen Lawrence broke down in court yesterday as she attacked a "racist" judicial system which had allowed her son's killers to cheat justice.

Speaking at the re-opened inquest into his death, at Southwark Coroner's Court in south-east London, Doreen Lawrence described the promising 18-year-old A-level student as "very friendly", "a quiet person" who was "loved by everyone".

But Mrs Lawrence, who saw three white men formally acquitted of her son's street stabbing murder after a private prosecution she brought folded last year, grew more angry as she added: "My son was murdered nearly four years ago. His killers are still walking the street."

She told the coroner, Sir Montague Levine: "When my son was murdered, the police saw my son as a criminal belonging to a gang. My son was stereotyped by the police. He was black, then he must be a criminal and they set about to investigate him and us."

Their investigation lasted two weeks, that allowed vital evidence to be lost. My son's



Seeking justice: Stephen Lawrence, who was killed in a racist attack nearly four years ago, and his mother Doreen

crime was that he was walking down the road looking out for a bus that would take him home. Our crime was living in a country where the justice system supports racist murders against innocent people. The value that this white racist country puts on black lives is evident to see since the killing of my son.

"In my opinion what happened in the crown court was staged, meaning it was decided long before we entered the courtroom what would happen, that the judge would not allow the evidence to be presented to the jury."

Mrs Lawrence's son was stabbed as he waited for a bus in Eltham, south-east London, in April 1993. The family's private prosecution – only the fourth to be brought in 150 years – came after the Crown Prosecution Service abandoned the case against two young men in July 1993, because it believed there was insufficient evidence to secure a conviction.

Mrs Lawrence told the court she and her husband, Neville,

searched for their son after a neighbour told them he had seen the attack. After failing to find him, the couple drove to the local hospital where staff refused to let them see him.

He died at 11.37pm – some 40 minutes after their arrival – of a haemorrhage due to stab wounds to the chest and arm.

Mrs Lawrence claimed police officers at the hospital failed to talk to the couple until the next morning. "No one told us anything at that stage," she said and accused officers of being "very patronising" towards her and dismissive of her information.

She said that when she first visited the police station, she tried to present an officer with a list of names of possible people involved. "He folded the paper and rolled it into a ball in his hand. I asked him if he was going to put it in a bin. At the time they were not taking my son's death as seriously as they should have done."

The coroner told the jury that the teenager had left a 150-yard trail of blood before collapsing unconscious and lost "a lot of blood" as he tried to flee.

The hearing continues.

## Loophole in seat-belt law

**Randeep Ramesh**  
Transport Correspondent

Children's lives could be put at risk by cash-strapped local authorities and irresponsible coach companies exploiting loopholes in new legislation designed to make journeys to school safer, safety campaigners claimed yesterday.

The laws enforcing fitting of seat-belts in minibuses and coaches carrying three or more children came into force yesterday. The Government was forced to act after a series of accidents which included the No-

vember 1993 M40 minibus crash in which 12 children and their teacher were killed.

However, both safety campaigners and industry lobby groups said they were "concerned" about the new legislation. "There are certainly loopholes in the law for older coaches. We expect responsible operators to work within the spirit of the law," said Simon Posner, a spokesman for the Confederation of Passenger Transport, which lobbies for the coach industry.

Under the laws there is no requirement that seat-belts added to older vehicles have to be checked by experts. Last year, inspectors for Royal Society for the Prevention of Accidents (RoSPA), found one company had used exhaust brackets to fit seat belts.

Experts also point out that although coaches have to fit seat-belts, no operator has to check children are wearing them. RoSPA and the bus industry wants the Government to pay for "escorts" to ensure children are strapped in. The Department of Transport later said it would shortly produce proposals for inspecting the belts.

Another flaw in the laws means companies could avoid fitting belts by limiting the top speed of their vehicles and having them reclassified as buses.

Last week, *The Really Useful Show*, a BBC consumer programme, obtained a letter from a Welsh council advising bus operators about another loophole in the seat-belt rules. Denbighshire county council's head of highways and transportation told companies that "you can of course fit speed limits to existing vehicles, which will remove the requirement to fit seat-belts."



Tuned in: Some of the 5,000 primary-school children from all over London who yesterday swarmed into the Royal Festival Hall for the Lollipop Proms, to play music from the whole sonic spectrum

Photograph: Nicola Kurtz

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## Inmates may be put in police cells

**Patricia Wynn Davies**  
Legal Affairs Editor

Britain's jails will begin overflowing next month, causing the Prison Service to resort to costly police cells unless controversial plans for a floating jail get the go-ahead. Richard Tilt, the director-general, warned yesterday.

Speaking at the service's annual conference in Manchester, Mr Tilt said the population of the 135 establishments in England and Wales was likely to reach about 60,000 by next month, exceeding their total capacity. But Weymouth and Portland borough councils voted last week to oppose plans to moor the prison ship *Resolution* in Portland Harbour, Dorset.

Without the ship, Mr Tilt warned: "We will probably go into police cells around the middle of March."

Police cells cost up to £300 a night, six or seven times the cost of keeping a prisoner in a jail. Mr Tilt warned a meeting of prison governors earlier that the

## New scare fuels baby milk fears

**Glenda Cooper**  
Consumer Affairs Correspondent

A second brand of baby milk has been withdrawn following cases of salmonella poisoning among French babies. Two batches of the product Lémil 2, made by Milupa, on sale in France only, have been taken off the market after two cases of salmonella anatum were confirmed.

The milk is made in the same factory as Milumil, the formula brand withdrawn from sale in the UK and Ireland after 10 babies in Britain suffered

from salmonella poisoning. "Nutricia and Milupa have spent millions of pounds on promotion which has minimised the risks of artificial feeding," she said.

"Since all dairy herds have salmonella and other contaminants intermittently and it takes only a very few organisms to infect a formula-fed infant, parents should be aware of the risks they when buy these products."

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Patricia Wynn Davies

DAILY  
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## Scientists of the rockpool help tiniest starfish to twinkle amid the pollution



Rare sight: A pair of the tiny brooding cushion stars sharing a rock pool at West Angle Bay with their larger cousin, the cushion star. Photograph: Rob Stratton

Nerys Lloyd-Pierce

A rare species of tiny starfish virtually wiped out when the Sea Empress tanker shed more than 70,000 tonnes of crude oil on the Pembrokeshire coast 12 months ago may be getting a helping hand to regenerate its numbers thanks to a sophisticated process of DNA match-making.

The brooding cushion star -

so named because it incubates its eggs - was flourishing in rock pools at West Angle Bay until heavy pollution from the tanker reduced numbers from an estimated 150 to approximately 12.

More seriously still, the remaining Pembrokeshire population failed to breed last year and the end of its three-to-four-year life cycle is now approaching. According to experts

from King's College, London, and the Field Studies Council who have been monitoring it, the Welsh cushion star is considered to be functionally extinct without man's intervention.

"The hermaphrodite brooding cushion star needs to aggregate in order to breed," Dr Roland Emsom, senior lecturer in biology at King's College, explained. "Even if they are only

separated by a few metres within a rock pool they cannot locate each other in order for this to happen. Surveys carried out four months and eight months after the spill indicate that the

remaining population is too widely scattered for reproduction to take place."

The only hope of regenerating the colony in West Angle Bay - where it was first identified as a separate species in the mid-Seventies - is by extracting DNA from its tube feet and from those of specimens inhabiting similar terrain in south Devon and creating a genetic mixture to see if the two are sufficiently compatible to breed.

Andy Simms, assistant warden and deputy director of studies at the Field Studies Council's Orielton Field Centre, Dyfed, hopes compatibility can be confirmed as he is anxious about the long-term consequences for the rock pool community in the bay should the starfish disappear.

"The removal of any organism can be a negative thing as the stability of the marine community living in those pools is inevitably weakened," he said. "It is rather like the house-of-cards effect: keep taking the cards away and eventually the whole thing will collapse."

"Whether or not the brooding cushion star is a keystone species has yet to be established, but one of the reasons this site is extremely special is because it is so rich in terms of biodiversity and it would be a great pity for that abundance to diminish."

## Police fail test over stop and search

Patricia Wynn Davies  
Legal Affairs Editor

A dramatic reduction in the use of stop-and-search powers by police produced a better rate of arrests while maintaining crime clear-up rates, according to research published yesterday.

The results will put pressure on police forces to reduce the number of stop and searches, which have caused particular discontent among the Afro-Caribbean community following suggestions of victimisation of black youths.

In the first experiment of its kind, a comparative study between two similar Metropolitan Police divisions found that a 52 per cent reduction in Police and Criminal Evidence Act searches conducted in Tottenham, north London, produced a higher ratio of consequent arrests but did not appear to damage clear-up rates. In the other division, Vauxhall, south London, and nationally, searches increased during the study period, which ran from July 1995 to June 1996.

Numbers searched in Tottenham fell from 7,334 to 3,533. Although arrests also fell by 45 per cent, the proportion resulting from searches rose from 10 per cent to 12 per cent. Although similar in size, social and economic factors, police divisional strength and organisation, the numbers stopped in Vauxhall were 7,143 - similar to the previous year.

Two key distinctions between the two areas appear to account for the wide disparity in the use of the power. During the study, which was conducted by the National Association for the Care and Resettlement of Offenders for the Haringey Community and Police Consultative Group, anyone stopped to Tottenham

was given a leaflet explaining the police powers being used and the individual's rights. Those stopped in Vauxhall were not.

In addition, searches had been removed as a performance indicator in Tottenham, while the division had improved targeting of suspects and given a commitment to improve relations with the community. Searches remain a performance measure in Vauxhall.

The study found that 45 per cent of those searched in Tottenham were black, although black people account for only 24 per cent of the local population. Bernie Grant, Labour MP for Tottenham, said: "I have never argued that the police should not have the power to stop and search when they have real cause to suspect criminal activity. But unnecessary use of stop and search has now become so extensive as to amount to an abuse of civil rights."

David Gilbertson, a Metropolitan Police commander and formerly Divisional Chief Superintendent at Tottenham, says in the foreword to the report that the leaflet initiative had led to "a marked reduction in the level of stop and search without any appreciable loss in terms of effective policing".

Ann Dunn, one of the report's authors, said the leaflet "made some officers think twice about stopping somebody".

Tottenham's decision to scrap stop and search as a performance indicator in favour of a "quality, not quantity" measure is also likely to have played a significant part.

Stop and search was "a contact sport for officers", which was highly competitive between teams trying to outdo each other, one senior Tottenham officer told the researchers.

### DAILY POEM

#### The Poplar and the Passer-By

By Vasko Popa, translated by Anne Pennington

*They're widening the street  
Clogged with traffic  
They're felling the poplars*

*The bulldozers take a run-up  
And with a single blow  
Knock down the trees*

*One poplar just trembled  
Withstood the iron*

*The bulldozer pulls back  
From her noisy  
Prepares for the final charge*

*In the huddle of passers-by  
There's an elderly man*

*He takes his hat off to the poplar  
Waves his umbrella at her  
And shouts at the top of his voice*

*Don't give in love*

Writing about the developing work of the Serbian poet Vasko Popa (1912-1991), Ted Hughes has called it "one of the most exciting things in modern poetry". Popa's *Collected Poems*, which first appeared in 1978 in Anne Pennington's translation, has now been revised and expanded by Francis R. Jones. It is published by Anvil Press at £22.

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news

# Dounreay dilemma over shaft used for atom junk

Nicholas Schoon  
Environment Correspondent

A deep hole on a remote Scottish clifftop is one of Britain's two most awkward and dangerous radioactive sites. Yesterday its owners, the UK Atomic Energy Authority (UKAEA), announced three more research contracts into how the Dounreay waste shaft can be made permanently safe.

It has promised to present firm proposals to ministers by the end of this year. One option is to freeze the 200ft depth of the water-filled, vertical shaft. But, whatever solution is embraced, the highest priorities will be to eliminate the risk of a chemical explosion or a "criticality" – a runaway nuclear chain-reaction.

For 20 years, starting in 1957,

radioactive waste from Dounreay, on mainland Britain's northernmost coastline, was dropped into the shaft. A volume equivalent to a medium-sized house took the plunge. It has left Dounreay under intense criticism and would never be contemplated today.

In 1977, a hydrogen explosion blew the concrete lid off the shaft, scattering small quantities of radioactive material. Dumping ceased and ever since the shaft has been monitored for any build-up of explosive gas. Were that to happen, nitrogen would be pumped in to prevent a blast.

But this is not a permanent solution; for the next few tens of thousands of years, any escape of waste from the shaft would be highly dangerous. Unless a breakwater is built, and

that too is under consideration, the sea will breach the shaft in about 200 years. Only UKAEA's sealed-off Number One pile at Windscale, Cumbria, site of the 1957 reactor fire which was

Britain's worst nuclear accident, presents greater clean-up difficulties.

UKAEA's Dounreay director, Roy Nelson, said: "Clearly, the shaft is the most challenging

task we face here." A solution will cost hundreds of millions of pounds. Dounreay, 20 miles from John O'Groats, was where Britain spent 40 years trying to perfect the fast-breeder reactor, which turns uranium into plutonium "breeding" its own fuel.

Three reactors were built and all have shut. The programme was killed because of costs, but the site will employ hundreds of people and absorb billions of pounds into the next century. The 15ft diameter shaft was used to haul away rock carved out when a tunnel was bored out to sea, taking Dounreay's liquid low-level radioactive waste 600 yards offshore.

In the 1950s, permission was obtained to use the shaft as a dump for low and intermediate-level radioactive waste. A concrete plug was placed at the bottom to seal the shaft from the tunnel and the sea. Some 10,000 items were taken there from plants and laboratories around Dounreay in flasks. These would open and the waste plunge into the fresh water which had seeped in. UKAEA has been combing old logs to find out what was dumped and has interviewed retired Dounreay workers.

Items as big as lathe went down the shaft. So did glove

boxes, used to shield workers as they manipulated highly radioactive materials. The 1977 explosion was caused by a mixture of sodium and potassium, the volatile coolant in fast-breeder reactors, inadvertently dumped in the shaft. The mixture reacted with water to produce hydrogen. All that was needed was a spark to ignite it and because sodium burns in air, that was readily available. It will take thousands of years for radioactivity in the

## The Dounreay radioactive waste dump



Photograph: John Voos

waste to decay to negligible levels. Making it safe in the long term may require pulling it out of the shaft and placing it in a permanent repository. It is too dangerous for people to do, so remote-controlled arms and grab combined with closed-circuit television will be used. The worst nightmare is a nuclear chain-reaction beginning in a sludge of uranium and plutonium particles which may build up at the bottom of the shaft.

Dounreay scientist Doug

Graham said such a "criticality" was inconceivable in the undisturbed shaft. But any technique devised for removing the waste would have to provide absolute assurance no chain-reaction could happen.

While the ultra long-term solution will probably involve emptying the shaft, UKAEA is also considering interim solutions. One option is to bore holes all around it and pump refrigerants through these to freeze the water and waste.

## Manchester to get extra £43m for bomb damage

Extra government funding of £43m over the next three years to help rebuild Manchester city centre was announced yesterday by the Deputy Prime Minister, Michael Heseltine.

Coming on top of a £20m grant from the European Union, the money brings to £63m public sector funding secured by Manchester Millennium Limited – the taskforce set up to oversee the rebuilding work in the wake of the IRA bomb explosion last summer, which injured more than 200 people.

Regeneration chiefs say that the £63m, together with a £20m bid submitted to the Millennium Commission to create a distinctive "millennium quarter", will "leverage" in more than £340m of private investment for the city centre.

The £43m announced yesterday via a video link-up from London with planners in Manchester, will be channelled through the Departments of Transport and Environment.

The announcement was welcomed by the city, and by Labour's deputy leader, John Prescott, who was addressing a conference in Manchester.

Regeneration planners also unveiled their "masterplan" for rebuilding the city centre yesterday.

Mr Prescott said Labour backed the plan "in principle" – though final approval would depend on the "fine print".

The £43m will go towards schemes including diverting traffic away from the city centre, new bus facilities, pedestrian and cycleways, and the creation of new public open spaces.

Richard Leese, leader of Manchester City Council and deputy chairman of Manchester Millennium Limited, said the financial commitment would ensure delivery of the plans within the three-year target.

"Now we have the masterplan, the commitment and the resources to start the rebuilding in earnest, the private sector will now have the confidence to invest," he added.

## Price tag put on tests for head teachers

Judith Judd  
Education Editor

Head teachers have told Labour it will cost £45m to fund a compulsory qualification for all head teachers. David Hart,

general secretary of the National Association of Head Teachers, has asked for a spending commitment for the full amount from Labour in return for his association's support for a compulsory scheme.

The Prime Minister and Tony Blair clashed in the Commons over head-teacher training last week after inspectors said 3,000 heads were not up to scratch.

A government-backed voluntary qualification starts this autumn, though John Major hinted he might consider making it a requirement for all heads. Labour has said its scheme would be compulsory.

Secondary heads said changes to A-level to be announced today will cost £600m. A new exam, halfway between GCSE and A-level will be introduced to encourage students to sit a wider range of subjects. The Secondary Heads Association said staffing and exam fees would cost more because students would be taking more exams.



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# World trips, free lunches, outings to the races - an everyday tale of Labour councillors

Doncaster council was run with a culture of arrogance and profligacy.  
Christian Wolmar reports

A culture of profligacy borne of arrogance and an unassassable electoral position has grown up inside the council which runs the northern industrial town of Doncaster, according to many former councillors and officials interviewed by *The Independent*.

Labour has been increasing its electoral dominance, like elsewhere in local government, so that the party now holds all but five of the 62 seats on the council, making effective opposition difficult. And within the Labour group, an inner caucus created in 1981, called the Mining Community Group, a name left over from the days when a majority of the councillors were miners, dominates proceedings and makes all the key decisions in private before getting endorsement from the rest of the Labour group.

The District Auditor, Gordon Sutton, who is responsible for auditing the council's accounts,

is remarkable in that as both are single, except that she happened to be a local Conservative councillor, Kate Bannard, and the two have gone on to develop what is described in the paper as a "romantic attachment".

Mr Welsh also attracted criticism when, at the St Leger's dinner at the racecourse in September 1995, he was reported in the *Racing Post* to have jeered Lord Wakeham, the Conservative peer who is also chairman of the Betting Levy Board.

The racecourse, owned and operated by the council, is at the centre of many of the allegations of excesses as many of the trips abroad were to visit racecourses to develop expertise in running the Doncaster course.

Furthermore, every race day at Doncaster is a free lunch and bar for the racecourse committee, and a free drink and race tickets for every other councillor. The free bar has now been scrapped following the auditor's criticism.

The relationship with Doncaster 2000 is also the subject of concern and will be investigated further by the auditor.

The venture was set up by the council as a partnership between itself and a local developer and builder called Keypoint.

Under a contract which is now being scrutinised for its legality by the auditor, the developer gets first call on surplus council land and shares the profits with the council.

In his report, Mr Sutton criticised the fact that councillors received hospitality which he said was "inappropriate because of its source".

He said councillors and officers attending race meetings found free raffle tickets on their seats and the prizes included an all-expenses paid trip for two to the Kentucky Derby.

Another reason given for councillors' trips abroad has been twinning with foreign towns. Doncaster has no less than five twin towns - Wimington, North Carolina, Avon



Fine prospect: Doncaster racecourse seen from the council's new grandstand

Photograph: Kupper Matthews

It was the  
arrogance of  
power which  
led to the  
freeloading

said at a meeting with leading councillors and officials that in the council there "was a culture that has grown and needs to be looked at".

It was, as one council officer put it, "the arrogance of power" which led to the free-loading. One councillor told another recently elected colleague: "You decide where you want to go and you find a reason why you need to go there."

The Labour leader, Peter Welsh, 42, is a former miner described in the *Doncaster Star* as "a bit of a lad" and has attracted notoriety twice recently. He hit the local headlines a year ago when he was pictured in the *Doncaster Star* at the racecourse with a woman on his lap. Noth-

er occasions attempted to get information about the purpose of the trips and a full list of those on them but has been unable to do so.

He said: "There has been no committee approval of these trips and no reports about what happened on them."

When *The Independent* approached Tony Sellars, chairman of the Labour group, to ask him which council trips he had been on recently, he agreed that he had been to China. When asked if he had been to Poland he said: "I can't comment on that."

Had he been to Sweden? "I've no idea, I can't remember." Had he been to Jersey? "I can't remember," he replied.

And had he been to Japan? "No, not to Japan."

He said he would consult his diary and return the call to *The Independent*, but he did not do so.



Conservative councillor Kate Bannard with Labour group leader Peter Welsh, at Doncaster racecourse

Photograph: Danum Press

Segers denies ever throwing a game

The former Wimbledon goalkeeper Huns Segers, who is accused of being part of a match-fixing plot, told a jury today yesterday he had never thrown a game in his life.

Segers was giving evidence at Winchester Crown Court where he and former Liverpool and Southampton goalkeeper Bruce Grobbelaar, 29, the former Aston Villa and Wimbledon striker, John Fasham, 34, and Malaysian Heng Suan Lim, 31, deny conspiring to give and accept corrupt payments.

Segers told the court that in 1994 he was receiving a wage of £1,000 a week, plus a signing-on fee of £20,000 a year, a £50,000 loyalty bonus and a "clean sheet" bonus.

He said the 1993-4 season, the period to which the allegations relate, was one of Wimbledon's most successful.

Desmond De Silva QC, Segers' counsel, asked if he had ever received money or been offered money for throwing a game. "No, never. Nobody asked me to throw a game, I've never thrown a game," Segers replied.

Segers said his principal sources of income at that time, outside playing football, were a tie company, commentary work for Dutch television, and he provided match information and result predictions on Dutch and English matches for Mr Lim.

He said he first met Mr Lim in 1993, and agreed to do forecasts on Dutch matches for £1,500. He said he mainly forecast Dutch matches but would help Mr Lim with information on teams in English matches.

Asked if he knew at the time that what he was doing may have been against Football Association rules, he said: "At the time I was doing it, no."

When he had been questioned by police he told them he did not know Mr Lim. Segers told the court that this was because Lou Macari, a manager at Swindon Town, had recently been banned for a year by the FA for betting on his team, and so Segers had not wanted to admit forecasting.

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## international

Racial conflict: Calls for boycott by British liberals to support plight of black workers on slave wages rejected for now

# SA wine growers sip at last chance saloon

Mary Braid  
Cape Town

After weeks of vicious debate about racism, slave labour and immorality in the South African wine industry, the Cape wine fraternity finally agreed on something yesterday – no one wants the British to interfere by mounting a post-apartheid wine boycott.

The warning to liberal, well-meaning Britons is the latest

**• Platter exposed the exploitation of tens of thousands of Coloured labourers**

twist in a saga which began last month when John Platter, the celebrated South African wine writer, lambasted the Cape's all-white wine industry on BBC Radio 4 over its plans to share out 2bn (about £285m) to 5bn rand of assets, accumulated during the apartheid years, among 4,700 white farmers. Mr Platter exposed the industry's exploitation of tens of thousands of Cape Coloured labourers and its barbaric use of political and criminal prisoners as slave labour until the

early 1980s. Yesterday, at his vineyard near Stellenbosch, he was taking nothing back. In a letter to the Afrikaans newspaper *Die Burger* last week he suggested the industry's restructuring – or privatisation – amounted to "looting" and denounced the move as out of step with attempts to redress the injustices of the past.

But he was furious at *Die Burger* reports yesterday associating him with suggestions in a British Sunday newspaper that a European boycott might be in order. "A boycott would be completely counter-productive to producers and labourers," he said. Worse, the boycott call obscures the real issues and gives white owners somewhere to hide.

At home, the KWV, the co-operative of vineyard owners which has proposed its own privatisation, has condemned Mr Platter and his wife Erica as traitors. Neighbours have burned copies of the couple's annual wine guide – the bible to South African wine – and local farmers are promising to mount their own boycott – of next year's Platter guide.

Since the early 1990s, he says, the industry has seen some improvements but the vast majority of workers are still appallingly exploited, despite 6 per cent annual growth in the domestic market and a 38 per cent increase between 1995 and 1996 in overseas sales.

But he too rejects the idea of an overseas boycott. "During the years of apartheid my union supported sanctions," he said.

Grapes of wrath: Workers at a vineyard in Paarl, near Cape Town. It is felt a boycott would hit them hard

Union, also a Cape Coloured, the daily wine quota keeps the vineyard workers docile and too dependent to leave the industry. Alcoholism, he claims, is deliberately encouraged by many farmers. He, like the Platters, argues that the workers have a right to share in the benefits accrued during the apartheid years.

So far they have succeeded in persuading Derek Hanekom, the Agriculture Minister, to halt KWV's privatisation plans while an inquiry takes place. They argue that this is a rare case when doing the right thing is also good for business.

With blacks involved in the business, the pleasures of wine would be filter through to the black community, and boost home sales. That is the dream

of Jubalane Ntangase, currently the only black manager in the Cape wine lands and a one-off in the South African wine trade.

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Ntangase cannot stop talking. On a Sunday – a big day for visitors on the Spier estate, Mr Ntangase sticks out; the only other blacks are serving in the wine shop or trailing an endless stream of little blonde girls around a large lawn on ponies.

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Dubious  
countries  
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bad taste  
  
James Roberts

For those whose greatest pleasure comes from what they refuse to drink more than what they drink, it's getting hard. With the return of the fruits of the capital tables and bars, after turning one's nose up at particular bottle or wine almost exclusively confined to the shelf of a wine on the palate.

Supermarket shelves groaning with the products once-questionable countries such as Chile, Argentina and Brazil. But we get much exercised about anti-rights abuses by the government in Santiago, selecting a Chilean red wine to confuse Pinochet with. Now, few remember de Gaulle. The days when politically incorrect cadre the 1974 Portuguese regime Franco's death put Rioja on the wine list; salsa came when the Colonels went.

Bulgaria, it is true, has some bad publicity now with demonstrators in Sofia shouting that elections brought forward by a year so that they can get rid of the popular and incompetent government, but we are still fighting here, and not fighting the right to have elections.

Only Romania has had relief recently for courageous abstainers, with Oxfam and Amnesty International urging us to switch our loyalty away from Bucharest to the ground that the country recently modified laws on homosexuality are still draconian.

The wines of the Commonwealth may offend some drinkers, but if it's hard for them to be political, headed by, say, a Castello or a New Zealand Chardonnay. The last great work directed against it was nuclear test ban last year. Australia and New Zealand led the way, and France which was significant.

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John Lichfield  
Paris

The ultra-right Front National captured its fourth French town hall, in Vitrolles, at the weekend with a promise to run the town for the French, and not for foreigners. Catherine Mégré, the victorious candidate, also promised to run things more cheaply and more efficiently than the Socialists, and to govern according to local needs, not national dogma.

Oddly, her first act as mayor will be to return to her suburban home outside Paris and hand over the government of Vitrolles to obscure, local National Front politicians and officials. Mrs Mégré, who was running on behalf of her disqualified husband, made it clear from the beginning that she wanted to be elected mayor, but not to be mayor. Bruno Mégré, second in command of the party nationwide, has no more interest than his wife in running Vitrolles, a failed experiment in concrete urbanism on the outskirts of Marseille. It will be left to a cabal of local FN supporters to govern the place, presumably following the example set by the three Front mayors elected in nearby towns in 1995.

The Front's municipal strategy, according to the party's chief ideologist – none other than Bruno Mégré – is to "banish" the party's anti-immigrant, anti-establishment message: in other words to extend the FN's base by convincing voters that it is just another party, capable of running town halls more efficiently than the other parties.

So what is the FN's record in its other seats of power – Toulon, Orange and Marignane? Town government has not collapsed, as perhaps the Front's opponents might have wished. There has been no wholesale persecution of immigrants. There



Winning wave: National Front candidate Catherine Mégré after her election victory at Vitrolles at the weekend, with her husband Bruno (right). Photograph: AP

has been no obvious gain in municipal efficiency either.

What there has been is a mixture of racism, political vindictiveness and censorship, mixed with the kind of cronyism which is rife throughout French local government. FN opponents – and some non-political locals – also complain of a rising mood of racial and political intolerance, which they blame on the example set from the town hall.

In Marignane, next door to Vitrolles, the FN mayor, Daniel Simonpietri, claims to have cut taxes and spending. A local apolitical taxpayers' group points out that taxes may have fallen by a few centimes but

spending has, rather mysteriously, risen. One of the mayor's first acts was to abolish the special, pork-free school lunch menus which had previously been provided for Muslim and Jewish pupils. It is this kind of in-your-face racial insensitivity which gives the lie to the FN's claim that it is not a racist party. (The official Front line is that it sup-

ports the rights of French people of all races over immigrants of all races.)

In both Marignane and Orange, 60 miles to the north in the Rhône Valley, the FN-controlled town halls have ordered – in the name of "ideological rebalancing" – local libraries to stock far-right newspapers, periodicals and books, and to cancel subscriptions to allegedly left-wing newspapers. These include *Liberation* which is only just left of centre, and a leftist but respectable regional newspaper, *La Marseillaise*.

In Orange, three out of five social centres – those serving immigrant areas – have closed. Town-hall employees have complained of an "atmosphere of humiliation, persecution and menace" directed against anyone who overtly resists the FN line.

In Toulon, the naval port east of Marseille, and the largest city under FN control, the party record of day-to-day management is poor. Local taxes have risen despite the slashing of cultural and sporting budgets. The town's traditional Christmas distribution of toys to poor children was switched last year to a new organisation, which gave presents to "French children only". The mayor, Jean-Marie le Chevallier, described as "unfortunate" the invitation of a Jewish writer, Marek Halter, to the Toulon book festival.

Overall, the very fact that the FN is running towns may, as Mr Mégré hopes, "banalise" the party. But its record fails utterly to support its claim to be a respectable, pro-French but non-racist democratic movement.

## Korzhakov wins seat in Duma

Anatoly Verbin  
Reuters

Moscow — President Boris Yeltsin's hasty ex-bodyguard, who has promised to reveal the secrets of the Kremlin, broke into politics yesterday by winning a seat in parliament.

Alexander Korzhakov, a former close friend who is now one of Mr Yeltsin's fiercest opponents, won 26 per cent of Sunday's vote in the central Russian city of Tula, according to preliminary results.

The former KGB major took a leaf out of Mr Yeltsin's book for his aggressive campaign, bringing rock stars to the sleepy town and overwhelming the media with his advertising.

He emerged more than nine points clear of his nearest rival, local politician Eduard Pashchenko. Chess champion Anatoly Karpov was just behind in third place, and Nikolai Novikov, a businessman who ran his campaign from a prison cell while awaiting trial for extortion, was fourth.

Some analysts predict that Mr Korzhakov will use the platform of the Duma and the immunity from prosecution enjoyed by deputies to step up his fight against Mr Yeltsin, who sacked him and other Kremlin hawks in June.

A close friend of Mr Yeltsin for 10 years, Mr Korzhakov has presented himself as a victim of a Kremlin plot and pledged to unveil "compromising material" against the establishment.



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disability - on the agenda

## international

# Separatist violence rends Spain with gun and bomb attacks

Government agenda left in tatters as Basques go on offensive, writes Elizabeth Nash

Madrid — Separatist violence ripped through Spain from north to south yesterday when a car bomb killed a man and wounded eight in Granada, a gunman shot dead a Supreme Court judge in the street in Madrid, and a leader of the Basque nationalist party linked to Eta separatists was found dead, possibly by his own hand, near the Basque city of Bilbao.

As the blows fell one upon the other yesterday morning, the King made a rare statement of coddlement of what he called "blind and sterile violence" and the Interior Minister, Jaime Mayor Oreja, cut short a visit to Israel to hurry home.

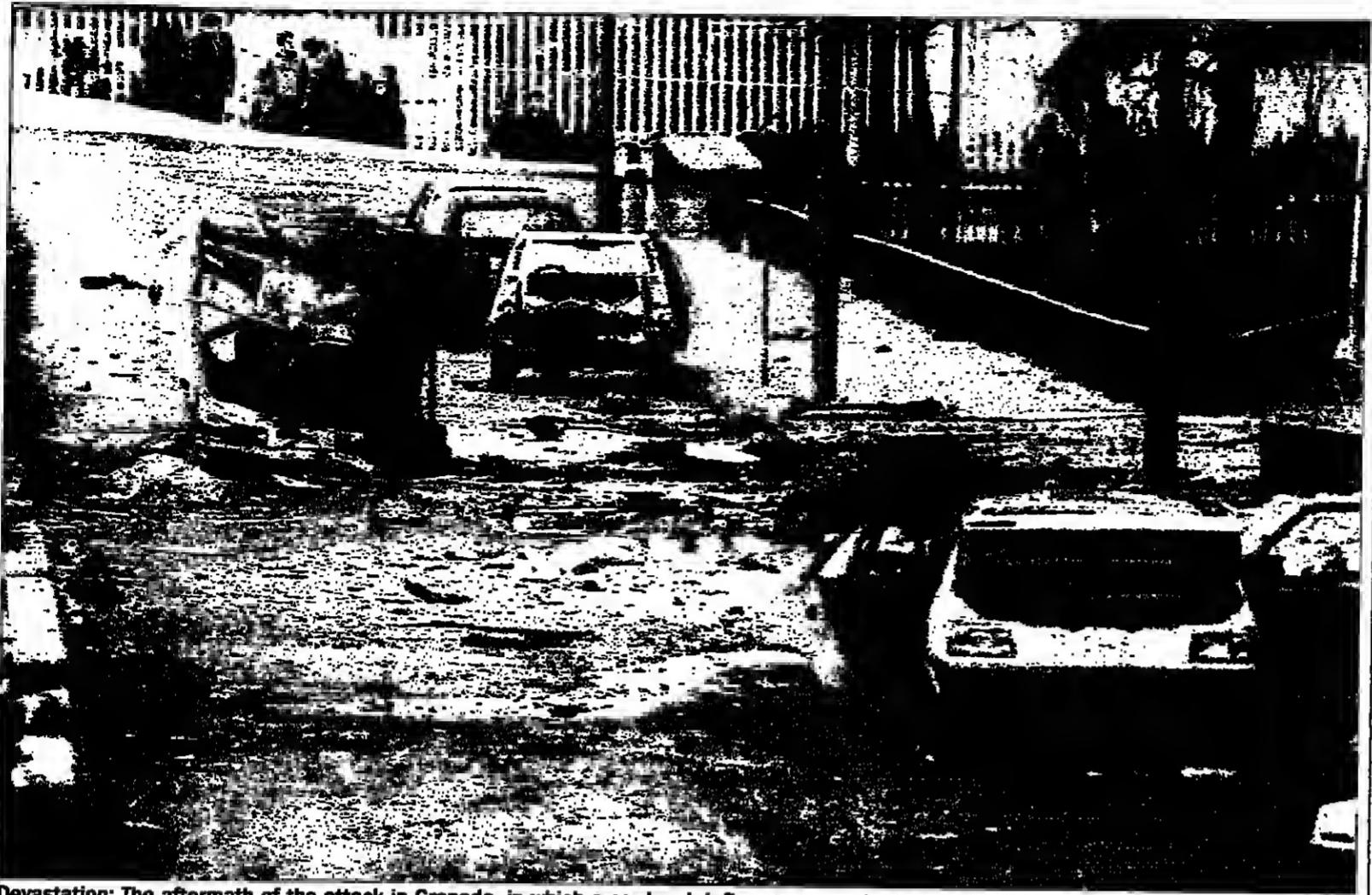
The events tore to pieces the agenda of the Prime Minister, Jose Maria Aznar, and the leader of the Basque government, Jose Antonio Ardanza, who met in Madrid yesterday to talk about Basque tax incentives.

A gunman shot the Supreme Court magistrate Rafael Martinez Emperador in the head outside his home in Madrid's smart Salamanca district at lunchtime. The victim was dead on arrival at hospital.

Hours earlier, a remote-controlled bomb blew up a camouflaged truck carrying military and civilian staff into the Armilla airbase, on the outskirts of the southern city of Granada. The blast killed a barber, Domingo Puente Marin, and wounded eight, two of whom remain seriously ill in hospital.

In Mallabia, near the Basque city of Bilbao, police announced the death, which they thought to be suicide, of a leader of Herri Batasuna (HB), the party linked to the separatist organisation Eta.

HB identified him as Eugenio Araozhuru, a member of the party's executive, who was due to appear before the Supreme Court yesterday afternoon. Mr



Devastation: The aftermath of the attack in Granada, in which a car bomb left one person dead and eight injured

Aranburu was among 25 HB leaders summoned by the Supreme Court to testify about a videotape issued by the party during last year's election campaign.

The authorities confiscated the tape, saying it promoted violence. Five HB leaders were imprisoned last week for ignoring the Supreme Court summons — the party has never recognised Spanish courts.

Mr Aranburu's death follows the mysterious death on Friday of an Eta suspect, Jose Maria Aranzamendi, who was found hanged in his prison cell at Alcalá-Meco in Madrid. The authorities let 48 hours elapse after Aranzamendi's death before revealing that his hands had been tied behind his back. A

post-mortem examination concluded that he committed suicide, and the Interior Ministry insisted yesterday that he tied his own feet and hands before killing himself. His family have demanded a second autopsy.

Aranzamendi was arrested nearly two years ago, suspected of belonging to an Eta commando group. His death unleashed a wave of violence throughout the Basque country at the weekend, where protest demonstrations in a number of towns erupted into riots and street clashes with the police, causing several injuries.

His funeral on Sunday at Elorrio near Bilbao turned into a fierce demonstration against the government's policy of dispersing Eta prisoners in jails

throughout Spain. One of Eta's perennial demands is for all their prisoners to be brought nearer home — something the government has been implementing in a halting and piecemeal fashion with selected prisoners considered to be low-risk.

Yesterday's attacks have blown to pieces any attempt for the moment to solve the problem of the Basque violence through dialogue, an objective Mr Ardanza, the conservative Basque Nationalist Party government leader, is always seeking discreetly to broach with Madrid.

Even the Basque church said at the weekend that it was discussing the possibility of calling for talks between the govern-

ment in Madrid and Eta as a way towards solving a conflict that has claimed more than 800 lives since 1968.

But the Justice Minister, Margarita Mariscal de Gante, yesterday reiterated the government's position that talks were out of the question. Eta, she said, "wants to kill, not to talk".

Recent events, which include the assassination of a military officer in Madrid last month, accompanied by HB warnings that further violence was imminent, suggest that Eta for the moment favours the hard line over the pursuit of dialogue.

The conservative government of Mr Aznar seems unable to deal with the problem as its predecessors.



Aznar: Was considering tax incentives for Basques

## Significant shorts

### Greece and Turkey could 'go back to war'

War between Greece and Turkey is a "serious possibility", the Foreign Secretary, Malcolm Rifkind, has warned. Mr Rifkind told BBC Radio 4's *File on Four* last night that Greece and Turkey could "end up going back to war again" if the Cyprus crisis and the dispute over ownership of islands in the Aegean is not resolved quickly. Asked whether there was a prospect of conflict between the two countries in the Aegean, Mr Rifkind said there had been "a real lack of political will on both sides", and added: "[Conflict] has to be a serious possibility."

Press Association

### Whitewater rises

James McDougal, President Bill Clinton's former partner in the failed Whitewater real-estate venture, has changed his story in a bid to avoid jail and has told prosecutors that Mr Clinton attended a meeting in which an illegal loan was discussed, the *New Yorker* said on Sunday. Mr McDougal told the magazine that Mr Clinton was present at a 1989 meeting in which an illegal \$300,000 (£180,000) loan to Mr McDougal's then wife Susan was discussed with David Hale, a businessman who specialised in loans involving the Small Business Administration.

Reuters — New York

### Verdict in 'Crown Heights' trial

A federal court jury convicted Lemrick Nelson Jr and a second defendant, Charles Price, of violating the civil rights of a Jewish scholar from Australia who was slain during 1991 racial rioting in New York. The verdict climaxed a trial that began four years and two months after Nelson was acquitted by a state jury of fatally stabbing Yankel Rosenbaum, 29, a Hasidic history student.

AP — New York

### Britain supports Serb students

Britain threw its weight behind 20,000 protesting Belgrade students who kept up pressure on Serbia's authoritarian president, Slobodan Milosevic, as parliament prepared to reinstate opposition election gains.

In more evidence of Western displeasure with Mr Milosevic, the British Ambassador to Yugoslavia, Ivor Roberts, visited the student leadership and handed them two persoal computers.

Reuters — Belgrade

### Croats open fire on Muslims

Croat opened fire on Muslims visiting a cemetery in the divided city of Mostar, Bosnia-Herzegovina, a United Nations official said. Officials reported one person dead and about 40 hurt. The shooting incident on a Muslim holiday occurred after days of increased tensions.

AP — Sarajevo

### Riots hit Chinese town

Crowds of young Muslims beat people to death and set cars alight during pro-independence riots in far-western China, a policeman said. Reported casualty figures varied from at least four people dead to nearly 300. The riots last week were the worst to hit Yining, in the province of Xinjiang, since the 1949 Communist takeover, police said.

AP — Peking

### Suicide bid backfires

Max Dadashvili was drinking coffee at a cafe in Tel Aviv when a would-be suicide dropped through the roof. Mr Dadashvili, 26, ended up in hospital with a broken back. The 72-year-old man who jumped on him from three stories was unscathed. "I looked very carefully before I leapt to make sure I wouldn't fall on somebody," he told the *Yediot Achronot* newspaper.

Reuters — Jerusalem

Alba  
riot  
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of V

Andrew Gledhill

Japan

Tim Cornwell

Mem  
Israel's

Patrick Cockburn

Landslide

Ian Nairn

Dandigarh A Sikh community in Dandigarh, in the north of Punjab state, is the next to be affected by the land slides. The Akali Dal led by the leader, Singh Balbir, and its ally the Right-wing Hindu Bhagat Singh, are holding a rally in the town on the state boundary. The Hindus dominate the southpore. The community is formidable, and Akali Singh is an atheist. It is the turn of the Sikhs to take over.

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shorts  
Turkey could  
war'

Turkey is a "serious possibility", says Rifkind, has warned. *48 File on Four* last night "ended up going back to war again" over ownership of Island quickly. Asked whether there had been "a real lack of conflict" between the two countries in the recent past, he said: "[Conflict] has to be

Press Association

1997

Bill Clinton's former partner in a business venture, has changed his mind and told prosecutors that he would not go back to war again. He was present at a 1986 meeting (\$180,000) loan to Mr Clinton was discussed with David Hale, in a loan involving the San

Reuters - New York

**Brown Heights' trial**

Lemrick Nelson Jr and a alias Price, of violating the civil rights of a woman who was slain during the trial. The verdict came in less than two months after Nelson was found guilty of stabbing Yankel, a history student. AP - New York

**Port Serb students**

about 20,000 protesting Belgrade supporters of Serbia's authoritarian regime, as parliament prepared to grant gains.

Western displeasure with Mr Tudjman's leadership and handed them

Reuters - Belgrade

**Fire on Muslims**

visiting a cemetery in the town of Herzegovina, a United Nations reported one person dead in an incident on a Muslim holiday.

AP - Sarajevo

**House town**

people to death and set fire to a house in far-western China, usually figures varied from 12 to 300. The riots last week were in the province of Ningxia, where police said

AP - Peking

**Jackfires**

coffee at a cafe in Tel Aviv passed through the roof. Mr Sharot, who had been hit with a broken bottle, said he had been beaten on him from three men. "I don't care if it's my son or somebody," he said.

Reuters - Jerusalem

# Albanian rioters seize port of Vlora

Andrew Gammel

A furious crowd of anti-government demonstrators effectively seized control of the southern Albanian port of Vlora yesterday, stripping riot police of their guns, their riot gear and even their clothes as they rampaged through the streets demanding the resignation of the government and the return of money invested in failed "pyramid" schemes.

After five days of increasingly tense demonstrations in Vlora, the city descended into anarchy as gunshots rang out periodically, wrecked cars and oil drums were rolled out in the street and set on fire and piles of rubble and police uniforms were amassed and turned into giant bonfires.

At least three people were reported dead and around 100 injured, almost all hit by stones. One of the dead was shot in the back and died on the operating table at the city hospital. The two others were said to have

died of heart attacks, but at least one of them was seen admitted to hospital with blood running down his face and body following a severe beating.

The uniformed police, who numbered no more than 100, were no match for the fury of the crowd. Many of them ran into side alleys, where the luckier ones were offered shelter in private houses and the rest had their clothes torn off them piece by piece. Others took refuge on the city rooftops and attempted to intimidate the crowds by dropping stones into the street.

The demonstrations in Vlora were the direct result of the collapse of Gjalica, the latest of Albania's pyramid investment schemes, which was based locally. In most of the rest of the country, the population has been cowed into fearful silence by a wave of arrests and beatings, but in Vlora the government now seems to have lost any semblance of authority.

The port is a booming Mafia town, the main entry and exit point for contraband including cigarettes, guns, drugs and immigrants en route to Western Europe, so it is used to considering itself above the law.

People across the country believe the government took an active part in the pyramid schemes and was responsible for



Hot work: A plainclothes and a riot policeman push a demonstrator towards a fire during street clashes yesterday in Vlora

Photograph: AP

downing people into believing that they could continue paying extravagantly high rates of interest to investors.

As many as a million Albanian households – effectively the entire country – are believed to

have committed suicide to the schemes.

President Sali Berisha and his

government have been entirely unsuccessful in deflecting blame for the crisis, and their promises to pay back some of the money have done little to quell public dissatisfaction.

It is not clear whether the rest of the country will be inspired to follow Vlora's example, or

whether the real crunch will wait

until the biggest of the pyramid schemes, officially still in business, are declared bankrupt in their turn.

The government has offered to open talks with the opposition, but the offer has been overshadowed by a climate of fear in the capital, Tirana.

Dissidents and opposition

# China elevates HK leader

Stephen Vines  
Hong Kong

Tung Chee-hwa, the leader of Hong Kong's first post-colonial government, is said to have been given state leadership status by China's ruling Communist Party. This places Mr Tung in a category normally reserved for those at or above the position of Politburo members or vice presidents.

A report in the *Hong Kong Standard* newspaper yesterday stated that Mr Tung had been selected to join this select group by the Communist Party in Peking. Mr Tung's office refused to comment on the report.

Circumstantial evidence, such as the level of the reception Mr Tung receives when he is in China, and his treatment in China's state-controlled media, suggest that the report is sound.

It means that Hong Kong's new leader is theoretically able to rub shoulders with China's president and Communist Party general secretary Jiang Zemin, and even the paramount leader Deng Xiaoping since the term "state leader" is bestowed on leaders for life.

The designation of Mr Tung as a state leader also confirms the very high level of importance the Chinese leadership attaches to the resumption of sovereignty on 1 July. It may mean that Hong Kong's new leader has considerably more clout in Peking than the average provisional leader.

On the other hand, attacks on state leaders are treated as subversion in China. If this is applied to criticism of Mr Tung, it will represent a considerable diminution of freedom of speech in Hong Kong where abuse of leaders is routine, and where, at a recent demonstration, an effigy of Mr Tung was burned for the first time.

■ Reuters — Hong Kong's largest foreign community, the 140,000 Filipinos who work mainly as maids, received assurances yesterday that they would not lose out after the British colony reverts to China. Jose de Venecia, a Philippine congressman, said he obtained the assurances during a meeting with Tung Chee-hwa.

# Japan beckons to an impoverished 'Queen Mary'

Tim Cornwell  
Los Angeles

when the Long Beach city council meets to consider the proposal of a local businessman Joseph Prevatril to send the *Queen Mary* to Japan.

Mr Prevatril operates the ship as a floating hotel under lease from the city and says the trip would raise cash for urgent repairs. But residents fear the *Queen Mary*, gutted of her engines when Long Beach bought her as a tourist attraction in 1967, could sink.

Even if Mr Prevatril could pull off his scheme, they are worried she will never come back. "We don't want her going to Japan, pure and simple," said Mrs Prussel, a board member of the Long Beach Historical Society.

"There are serious concerns about whether she would make it."

The *Queen Mary* was launched in 1936 by the Cunard-White Star line, and soon established the world record for the fastest Atlantic crossing. She boasted excellent food and celebrity passengers well into the Sixties, but by the end of the decade she was losing money, and before the journey to California her fittings were auctioned off. According to Mr Prevatril, her electrical, plumbing and air-conditioning systems are on their last legs.

She has swallowed up \$100m (£62.5m) in private and public money. Mr Prevatril, 59, announced his plan at a news conference in the ship's grand ballroom late last month. Sending her to Japan for just three to five years would raise an urgently needed

\$40m, he said. The ship was so seaforthy, he insisted, that Lloyd's of London was prepared to insure it.

Under Mr Prevatril's stewardship the *Queen Mary* last year turned a profit for the first time. All of the ship's 365 rooms are now open, at prices from \$50 to several hundred dollars, with two award-winning restaurants.

But the ship has also become part of the landscape in Long Beach. It is host to many functions, and it is part of social and official life. Sitting at the mouth of the Los Angeles River, it is virtually impossible for a visitor to miss. Many are reluctant to see it go, including city councillor Mike Donelon. "It would leave a black hole if it was gone," he said.



The Queen Mary leaving Southampton for the last time 30 years ago, set for her new role as a Long Beach tourist attraction

# Memories of 1982 cloud Israel's Lebanon dilemma

Patrick Cockburn  
Jerusalem



Menachem Begin: Believed General Sharon lied

A measure of Israeli divisions over what to do about Lebanon is a furious row between right-wing leaders over Israel's disastrous invasion of its northern neighbour in 1982, which left 650 Israelis and 13,000 Lebanese dead.

General Ariel Sharon, a member of the present government who was minister of defence 15 years ago, is suing the Israeli daily *Haaretz* for saying that Menachem Begin, then the Israeli prime minister, had believed General Sharon had lied to him about advancing all the way to Beirut.

Giving evidence against General Sharon is Ze'ev Begn, son of the former prime minister, who told the court that his father, who died in 1992, had given his assent to a more limited operation. Mr Begn, who resigned from Israeli cabinet over the Hebron withdrawal last month, said his father denied General Sharon's claim to have told him that Beirut was the initial objective. He said his father "was very angry", and said: "These things are baseless."

General Sharon has always been held responsible by the Begn family for the invasion which led to Menachem Begin's resignation. It is also true, however, that the prime minister gave his defence minister full backing in his bombardment of Beirut and the capture of the city. The massacre of more than 700 Palestinians at Sabra and Chatilla refugee camps by Christian militiamen allied to Israel is credited with the invasion internationally.

Israel has never wholly recovered in Lebanon from the debacle. It failed to achieve any

of its aims of marginalising the Palestine Liberation Organisation, reducing Syrian influence in Lebanon and establishing a Christian Lebanese government allied to Israel. In the face of guerrilla attacks, Israeli forces pulled back to a nine-mile-wide security zone in south Lebanon in 1983.

Last week's collision of two helicopters, in which 73 soldiers and airmen were killed on their way to outposts in Lebanon, has given impetus to the debate about whether Israel should withdraw. Yossi Beilin, the architect of the Oslo accord, suggested that control of the security zone be handed over to a third party. The problem with this is that Syria will not let Israel off the hook in south Lebanon without an Israeli withdrawal from the Golan Heights, captured in 1967.

Benjamin Netanyahu, the Prime Minister, and Amnon Lipkin-Shahak, the chief of staff, oppose a pullout but do not have any alternative strategy to propose. A senior officer was quoted as saying: "The public debate now being carried out that concerns an IDF [Israeli army] withdrawal from Lebanon negatively affects the morale of the officers and soldiers serving in the south Lebanon sector."

The prolonged bombardment of Lebanon by Israeli artillery and planes in operation Grapes of Wrath last year failed to inflict significant damage on Hizbullah guerrillas. The US-brokered ceasefire stopped Katyusha shells being fired northward, but also stopped Israel freely using its advantage in firepower against Hizbullah. No civilians have been killed on either side for six months. Expansion of the security zone or attacks on Syrian positions in Lebanon would lead to renewed Katyusha attacks.

The several hundred Hizbullah guerrillas Israel faces in Lebanon have proved highly effective. Even in a skirmish at the weekend, in which a third to five hundred Hizbullah squad was intercepted by Israeli troops, the result was seven Israeli wounded, one seriously, and no evidence of any Hizbullah casualties. The trickle of Israeli casualties, totalling 68 dead in the last three years, makes it difficult for the government to persuade the public that it has no option but to soldier on.

# Landslide win for Sikhs in Punjab

Javed Naqvi  
Reuters

Chandigarh — A Sikh party was poised yesterday to rule India's Punjab state for the next five years after a landslide victory in the first peaceful election in nearly two decades.

The Akali Dal, led by the former chief minister, Prakash Singh Badal, and its ally the Hindu Bharatiya Janata Party (BJP) won an overwhelming four-fifths of the 117 seats in the state legislature.

"The Hindus dominate the cities. The BJP is their major mouthpiece. Sikhs dominate the countryside. The combination is formidable," said Ashis Nandy, an analyst at the Centre for the Study of Developing Societies in New Delhi.

The landslide victory should reduce pressure on Prime Minister Deve Gowda's United Front alliance, analysts said yesterday. The once-monolithic Congress Party governs only six of India's 26 states and has been reduced to a reluctant supporter of the country's fractious ruling centre-left coalition.

The analysts said Congress was expected to scale down its

frequent threats to topple the United Front alliance, which took power last June, and force mid-term elections at the national level.

"The Congress will simply have to pause," said Surjit Grewal, a political analyst in Punjab's capital, Chandigarh. "The lesson in Punjab is that the Congress is extremely unpopular here. The scene can't be much brighter for it in other regions."

Akali Dal leaders said the Punjab election also heralded a lesson for the BJP. "The BJP should now realise the benefits of having the support of minorities," said Akali Dal spokesman Kanwaljit Singh. "I do believe the party has to seek a policy of moderation if it truly wants to govern India."

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Steve Roberts

For those whose greatest tipping pleasure comes from what we refuse to drink, rather than what they drink, times are getting hard. With the return of the fruits of the Cape in pub tables and bars, reasons for turning one's nose up at a particular bottle are almost exclusively confined to the effect of a wine on the palate.

Supermarket shelves are groaning with the produce of once-questionable countries of origin, such as Chile, Argentina, Bulgaria and Brazil. But no one gets much exercised about human rights abuses by the government in Santiago before selecting a Chilean red, unless they confuse Pinochet with Pinot Noir. Few remember General Pinochet. The days when port was officially incorrect ended with the 1974 Portuguese revolution, when a death put Rioja back on the wine list; retinas came back when the Colonels went.

Bulgaria, it is true, has had some bad publicity recently, with demonstrators in Sofia shouting that elections be held forward by a year or so that they can get rid of an unpopular and incompetent government, but we are still talking here, and not fighting for democracy. To have to elect a new government in Romania has provided recently for considerable consternation, with Outward Bound America International calling on us to switch our brand away from Bucharest to Bucharest, and modified laws on homosexuality are still discriminatory, and the wives of the Communists may offend some refined members, but it is hard to see how they can be politically effective, say, a Canadian Red Cross, New Zealand Chardonnay, and great wine boycotts directed against France, Australia and New Zealand led the boycott and will continue.

Rural and urban, uneducated and pro-

# It's hard, but Labour must target Del boy

**J**ack Woolley doesn't look like a Labour voter. With his little Cambridge business, he seems the typical 'Tory' straight from the village green and warm beer of Major's little England. Del boy is hardly a Blarite either. Rodders and Uncle Albert conceivably stray from their Peckham council estate to vote for Harriet Harman, but surely not Del. That self-made spiv, self-reliant and competitive, ducking the rules and regulations of big government, makes an aspirational Thatcherite. Even Ronnie Barker's Arkwright, his Yorkshire corner shop open all hours, appears no friend to the red flag or red rose.

Assuming our soapy heroes reflect our national culture, things do not look good for Labour's latest campaigning venture. Winning the hearts and minds of small businessmen and women, as Labour claims it wants to do, will not be easy. The cultural objections to Labour run deep, and certain genuine policy differences remain.

Nevertheless, the appeal is worth making. For a start, Labour cannot afford to be too out of touch with the growing band of Trotters and Woolleys in the world. There are too many votes at stake. But even if Mr Blair and Barbara Roche, his small business lieutenant, cannot turn many votes, they will still improve their ability to govern all of us well if they address themselves seriously to small business concerns.

Rural and urban, uneducated and pro-

fessional, no matter how different their social background, small businessmen and women have always seemed to have one thing in common: voting Conservative. Loathing big government, fiercely self-sufficient and competitive, they formed the bedrock of the parties of the right throughout Europe. The little rentiers and the petty bourgeoisie kept the socialists out in France for almost a century. In Spain they helped keep Franco in power. Little business people and left-wing (or even centrist) governments do not seem to go too well together.

But Tony Blair cannot afford to forget them. He needs their votes. Three and a half million people are self-employed. As the world of work gradually changes, as companies downsize and out-source, increasingly the people who once laboured together in unionised workplaces are striking out alone, under contract to their old company. The old Labour voters, shaped by common experience in the factories, are disappearing.

If the votes of small businessmen and women seem important now, they will matter far more in future. Labour cannot afford to ignore the lingering perception that it is envious of success, hostile to aspirations, and disapproving of an independent competitive spirit.

Moreover there is no good reason why the interests and values of hard-working small business people should be out of kilter with a left-of-centre party. Del lives in a cramped council flat. His son



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Damien will have to face Peckham's schools, while Racquel could go out to work and boost the family income if she could only afford good child care. Expanding the opportunities of the little people, defending them against the powerful economic interests (be they big contracting companies or stubborn trade unions), giving them and their children a fair chance to succeed, should all fit neatly within a centre-left framework.

But the economic case for wooing small businesses is even stronger. Rodney and Uncle Albert depend on Del for their living. Half the private sector workforce now have jobs with companies of

fewer than 100 employees. The tired cliché that small and medium-sized enterprises are the engine of growth remains true. Squeeze little entrepreneurs and you squeeze the economy. Even if small business leaders insist on distilling Labour values, a Labour government would have to persist in helping small businesses flourish.

For the most part, Labour policies should be perfectly acceptable to small businesses. Pursuing economic stability, cutting red tape, providing small business support all sound comforting enough. Ian Lang, President of the Board of Trade, has issued similar warm words

himself. In one area Labour actually has something positive and distinctive to offer small businesses above and beyond current government policies: a statutory right to interest on late payment. For the countless little companies that suffer, scrimp and save, waiting for their bills to be paid by the big bullies who are collecting interest on the balance, this could mean the difference between profit and going under. Perhaps there is substance to Labour's claim that surveys show small businesses now prefer Labour to the Conservatives.

But the sticking point for many small shopkeepers, pub-owners and business entrepreneurs remains the minimum wage. For a small firm with few employees, wavering on the edge of closure, paternity leave, statutory holiday entitlements, and minimum rates of pay all hinder their chances of survival. Tony Blair will well remember answering questions from small business owners (possibly genuine, possibly Tory stooges) who phoned television and radio programmes during the 1992 election to insist that Labour's proposed minimum wage (then £3.20 an hour) would force them to lay off half their staff. Faced with an almost tearful boarding house owner, convinced she will not be able to make ends meet, it is hard to argue that a minimum wage will not cost jobs. The fact remains that some small businesses that survive and compete only through paying staff abysmal rates will be squeezed

out of the economy. Labour should not flinch from admitting this. Some small businesses will not get a great deal from a Labour government, nor should they. Sustaining an enterprise on the back of poverty pay is not acceptable, no matter how much the entrepreneur may want to keep going.

Our economy must be able to afford to do better. Understanding the interests of small business is the right way to run a government; pandering to their every plea is not.

## Hard work and other options

Talking of successful small businesses ... the best small businesses of all are those that don't stay small for long, and catapult their successful entrepreneurial owners into the hriming ranks of British millionaires. We now have 81,000 people worth more than thousands of thousands of pounds. Good luck to them - or, at least, to the ones who made it through hard work. But consider the new millionaires who made money awarding themselves share options on the back of privatisation. And spare a thought for the growing numbers of their employees who aren't paid a minimum wage. Are we sure we're getting the balance quite right?

## Nato marches east into a great blunder

Sir: Nato's planned expansion is not inherently threatening to Russia. Given the right circumstances, it should go ahead," So writes Tony Barber ("Forget the Bear, look to the Balkans", 6 February).

Russia sees Nato enlargement as "inherently threatening" - and a betrayal of commitments made by John Major and James Baker at the time of German reunification. Clearly "circumstances" aren't right now, but without a proper European security architecture in place, they never will.

George Kenna is only the latest in a row of British and American former ambassadors to Moscow to warn that "expanding the North Atlantic Treaty Organisation would be the most fateful blunder of American policy in the entire post-Cold War era" (*International Herald Tribune*, 6 February, reprinted from the *New York Times*).

That President Clinton gave promises to Polish and Czech constituencies in the US during his electoral campaign does not bind the rest of us to commit a great folly.

The antagonism the proposal is giving rise to is preventing most of Europe's real problems being addressed. Of which one is, as Tony Barber points out, the future of the Balkans - on which side of a new iron curtain would they fall? Above all, "Nato enlargement" is not free-standing; it is muddling up most of the existing and intended arms-control treaties; it is related to, but so far un-coordinated with, European Union expansion; it is likely to be very expensive, but its funding has not been considered; above all, it belongs within the European security framework that the Organisation for Security and Co-operation in Europe provides.

President Chirac, returning from his visit to Mr Yeltsin, has suggested a five-power summit meeting in April for the leaders of the United States, France, Britain, Germany and Russia to discuss Europe's future security system. Which sounds right. Our common European future cannot properly be left in Mr Clinton's hands alone: for that he has, and can have, no democratic mandate.

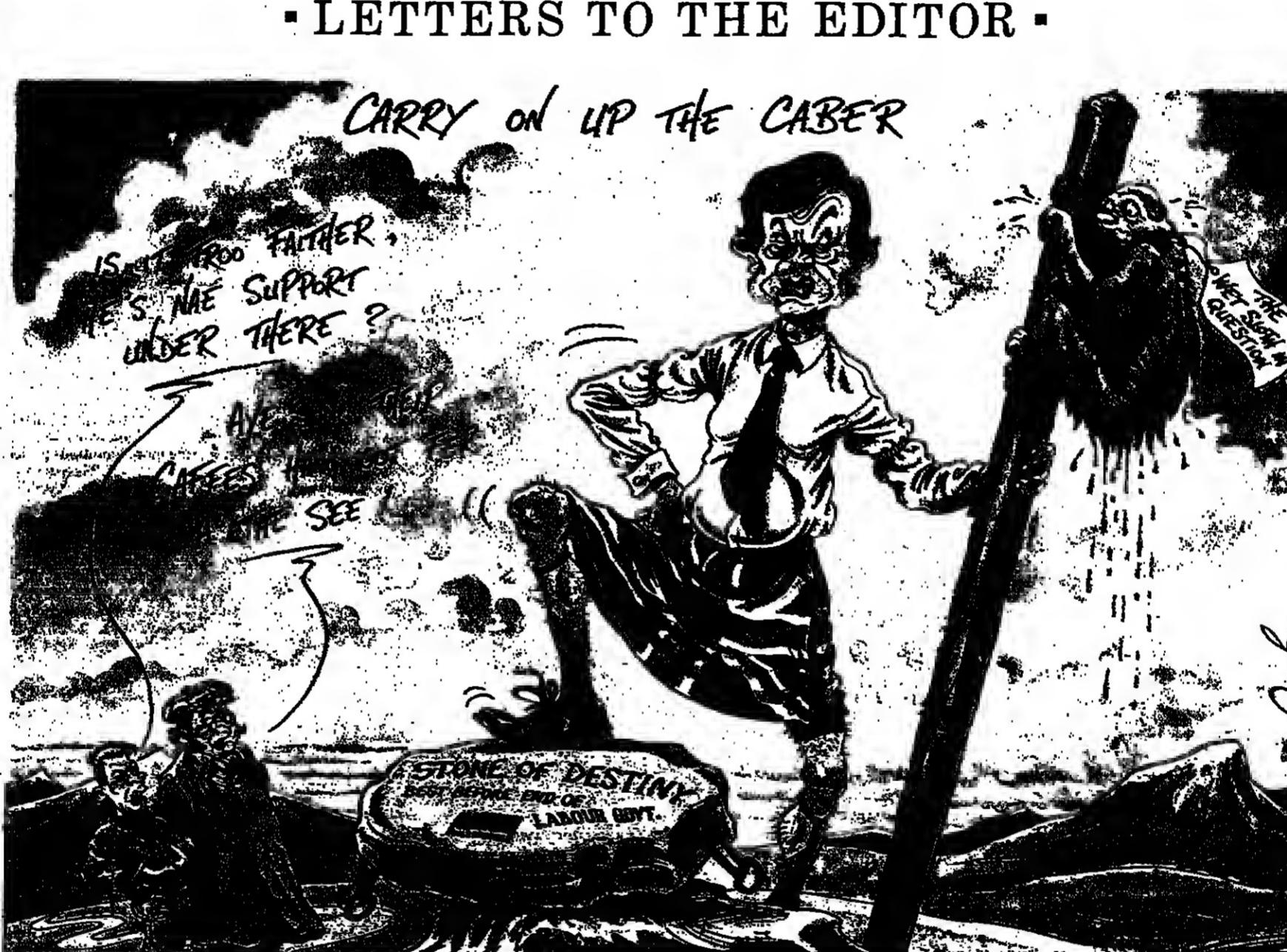
ELIZABETH YOUNG  
London W2

Sir: Paul Valley ("How Blair can save billions on defence", 10 February) may well be right to say that substantial savings in the defence budget would be possible if Britain either faced up to its dependence on the United States or joined up to a common European defence policy.

However, neither option appears realistic, certainly in the near-medium term.

I disagree with Paul Valley's conclusion that there are "not many more efficiency savings to be made". Significant delays and massive cost overruns in the procurement process persist, and poor MoD management still wastes large sums.

But the more fundamental issue Labour's review would need to address is the balance between commitments and resources. If our armed forces are overstretched and becoming "hollow", and we are not going to increase their numbers, then we must reduce their



commitments. If Britain wants an army rather than a gendarmerie it must allow it to train as such: if it wants to sustain high morale amongst service personnel, it must honour minimum standards of intervals between operational duties.

There is a danger that we are concentrating too heavily on high-profile new pieces of hardware and neglecting the essential support of that equipment in warfare. What is the point of sustaining hundreds of shiny new tanks if the minute you need to actually use them three-quarters of them do not work, as was discovered before the Gulf War?

Dr STEPHEN PULLINGER  
Executive Director  
International Security Information  
Service  
London WC2

## Commerce moves to the Internet

Sir: Your recent articles on the Royal Bank of Scotland and Nationwide offering Internet services to their customers (22 January and 3 February) highlight one of the most dramatic changes taking place in the financial services sector - electronic commerce.

IBM research to be published shortly, shows that 72 per cent of insurance executives interviewed believed that electronic commerce will have the most profound impact on reshaping the insurance industry.

Another IBM research project carried out last year again with insurance executives, highlighted a scenario whereby consumers will actively identify, acquire and manage their portfolios of risk and capital accumulation needs - a simple task in a world where a growing number of access points such as the Internet means everyone is "wired". Increasingly sophisticated consumers will send our requests for coverage over a

growing number of access points such as interactive TV and the Internet. They will piece together the necessary product or service components from global providers. Sadly, there are still many financial service companies who, despite having Web sites, do not have the adequate strategy to maximise opportunities via the Internet and time is running out for them fast. There are currently around 50 million worldwide users of the Internet and it is estimated that this will rise to 1.5 billion by 2010.

JOHN MOON  
Distribution Solutions Manager  
IBM Insurance Europe  
Feltham,  
Middlesex

## A formula for fair wages

Sir: The political hot potato of limiting high-fliers' salary increases and the soon to be resurrected debate over guaranteed minimum salaries could easily be cooled by a statutory requirement that within any organisation the highest remuneration should not be higher than a prescribed multiple of the lowest salary.

This would give flexibility to an employer but would ensure that, regardless of the total amount available for salaries, the division of that amount would always be such as to reflect the contributions made by all employees. This principle could hold good for both

commercial companies and government departments.

The only arguments would then be to determine the correct multiplier (20, 30, 50?) and for middle-earning employees to justify their division of the remainder.

A.P. DZIMITROWICZ  
Croydon,  
Surrey

## British Empire begins at home

Sir: I hope the new Empire and Commonwealth Museum in Bristol will find room for a more thoughtful account of the term "British Empire" than is apparent from Peter Popham's description (article, 6 February).

For much of the "500-year history" to which the museum's curator alludes, the "British Empire" meant not far-flung dominions but the rule and sovereignty first of England itself, then later of the British Isles in their various political constitutions. As the great G.M. Young observes, this older sense, with no particular overseas reference, prevailed as late as the 1830s, when

McClulloch's *Statistical Account of the British Empire* gave more space to Oxford than Canada (*Victorian England: Portrait of an Age*, p.32). It is not until 1857 that we find Thomas Hughes, in *Tom Brown's Schooldays*, celebrating that Empire "on which the sun never sets".

For Henry VIII in 1533, the "realm of England" was "an empire" because that meant it was "free from the authority of any foreign potentate". Today, when the constitution of the United Kingdom is in question, and half England is roused by a perceived European threat to "British" sovereignty, these less glamorous domestic aspects of imperial history have as great a claim on our attention as evocations of the comparatively brief period when maps of the world were covered in red.

ALAN MACCOLL  
St Andrews, Fife

## Neglect of a colossal work

Sir: I read with interest David Cheshireman's letter (5 February) on recent performances of symphonies in London. I too am struck by the apparent neglect of Beethoven's Second Symphony. I can see no good reason why this fine work should have slipped into relative obscurity.

The *Allgemeine Musikalische Zeitung*, in its review of the symphony's première in April 1803, describes it as "a singular, colossal work, with a depth, power and artistic erudition such as very few works command".

One could not agree more. The symphony shows the first real emergence of the power and beauty of Beethoven's music, which was to surface fully in his later works. Let's hope it does not drift further into obscurity.

Dr C.E.JAGUS  
Mossley,  
Lancashire

## Sperm ruling has ancient echoes

Sir: The Court of Appeal's ruling in favour of Mrs Blood's campaign to have a child using her deceased husband's sperm (report, 7 February) has been hailed as a victory for "common sense". It can also be seen as a victory for "family values".

Amongst the ancient Hebrews, and in many patriarchal societies around the world, death does not terminate marriage. A dead man's brother stands in for him, taking his widow as partner, in order to produce children (ideally sons) in his name - a practice known as "levirate", from the Latin *levir*, "brother-in-law".

The presumption here is that men seek to perpetuate themselves through their heirs. They are not expected to leave oral, far less written, legal instructions recording their consent - as the Human Fertilisation and Embryology Authority appears to require. From this wider cross-cultural perspective, the authority's intervention here seems a bizarre intrusion into what are strictly family issues.

I.M. LEWIS  
Emeritus Professor of Anthropology  
The London School of Economics  
and Political Science  
London WC2

## Help mentally ill out of ghetto

Sir: At last, a sympathetic and unprejudiced analysis of the crisis of mental health provision in this country (leading article, 5 February).

I am a student, and I also happen to be mentally ill. I am distressed by the almost entirely negative approach of the press. Coverage is biased towards the infrequent violent cases, personal accounts of sufferers are rarely published, and local newspapers are reluctant to publicise horrendously long waiting-list times.

I have had the "luck" to be able to compare the services in three countries: Egypt, Germany and Britain. My experiences and research lead me to agree with your diagnosis. There are cases of depressed children and teenagers in our inner cities who, even after they have attempted suicide, have been put on a three-month waiting list to see a psychiatrist. Some do not survive until their first appointment.

I am living in a grey world of fear, which is haunted by unwanted spectres and thoughts. And I am not alone. Many other people in similar and worse positions than me are feeling ghettoised and stigmatised by society. What we need is a full, frank and empathetic discussion about the chronic underfunding in the mental health sector.

TASHA DIFFEY  
Manchester

## Fresh spin

Sir: The ideal place for wind turbines is not in our National Parks nor out at sea, nor on London's rooftops (letter, 5 February). It is at Sellafield, Torness and Sizewell.

They're all in windy places with already ugly buildings, not where people want to go bathing - and the transmission lines are already there. Maybe they'll help Nuclear Electric make a profit - or is it against their principles to use a safe source of power?

A.A. KRAKIEWICZ  
Lambeth, Nottinghamshire



## A dangerous game to play with Scotland's future

**S**tephen Dorrell yesterday threw away the politicians' election rule-book. By even implying that a future Tory government might repeal legislation setting up a Scottish Parliament, he has set a dangerous precedent for his party.

First, he may have given himself a lifelong reputation for Anglo-centric arrogance by threatening to overturn the wishes of the Scottish people as expressed in a future referendum. Second, he sacrificed one of the main advantages of incumbency by being drawn into discussion of how the Tories would behave in the supposedly unmentionable event of a Labour victory.

But third, and potentially most nerve-racking of all, he exposed his colleagues to an almost limitless series of supplementary questions between now and polling day: what else are they planning to unstitch when they return after a putative Labour term in office? Scrap the minimum wage? Remove the European Convention of Human Rights from British law? Hand back the windfall tax? Restore hereditary peers to the House of Lords?

Given that Mr Dorrell has strayed, by way of an interview in *The Scotsman*, into this perilous territory, and given that this ferociously ambitious politician is not in fact an idiot, it's worth asking why he did it. Be suspicious of the term "gaffe". It is part of the small change of party politics. But it frequently describes something more revealing, and certainly more interesting, than mere error.

Gaffes are sometimes more premeditated than they look; and even the most serious ones usually happen for a reason. The reason why Mr Dorrell took the risk he did, however unsuccessfully, lies in an inevitable inconsistency at the heart of the Government's approach to the issue of devolution.

For ministers have been relentlessly apocalyptic about the outcome of a Scottish Parliament. Almost in passing, John Major said at his press conference on 7 January that devolution would bring "a few" to an independent Scotland and a direct conflict between the Edinburgh parliament and Westminster. But Mr Dorrell, now appointed Mr Major's whipmaster-general on the Constitution, has hinted at even darker consequences.

In a speech to the Centre for Policy Studies in November, Mr Dorrell preceded a long passage on devolution by referring portentously to the "bloodstained pages of history" and saying that "the last time the British resorted to the use of force to resolve their domestic political differences was nearly 250 years ago... It is precisely their record on continuous evolutionary change which is now under threat from Labour's wide-ranging series of half-baked ideas for the constitution." In his *Scotsman* interview, Mr Dorrell's only qualification of this was to admit that devolution "need" not lead to civil unrest. But you can still script the scaremongering party political broadcast now.

Cue Edinburgh, circa 2001. The Labour Party in Scotland, paying the price for the Blair government's deep unpopularity, has been heavily defeated in mid-term elections to the Scottish parliament and a result the SNP is now the biggest single party. Reinforced by a small group of rebel Labour MPs, it has secured a vote in favour of independence in an Edinburgh Parliament which is now in direct collision with the Blair government's insistence that under the terms of the 1998 Scotland Act, Westminster remains sovereign and Edinburgh has no power to declare UDI. There is clever footage of Belgrade-style demon-



**Donald Macintyre**

**It doesn't help the Tory case to suggest what is patently implausible: that a future Tory government would scrap the Scottish parliament**

strations in the Royal Mile. We see English students at Scottish universities having their rooms ransacked by angry mobs. There have been hundreds of arrests and British troops have been called in to help the police to enforce order. Headlines in the normally sober *Scotsman* and *The Herald* are predicting civil war.

But there is a big problem for those painting this nightmare scenario, beside the obvious point that Scotland has not resorted to civil disorder during 18 years of having legislation imposed upon it by a government never voted for. Which is that the Scottish Secretary Michael Forsyth last year admitted, with commendable honesty, that it was "fantasy" to imagine that a future Conservative government could turn the "omelette" of a tax-raising Scottish assembly "back into eggs". In other words, the Tories would not dream of repealing a Scottish parliament. And, of course, few, if any, Scottish Tories think otherwise.

Ian Lang who is even closer than Mr Dorrell to Mr Major, took exactly the same view – in private – when he was Scottish Secretary. And that was before Labour committed itself to the referendum which now makes repeal politically impossible, at the very least without another referendum. And understandably so. One of the reasons that, back in the Seventies, Mr Forsyth and Mr Lang both strongly believed in a devolved assembly was precisely that it could be a vehicle for a Tory revival in Scotland – a country, after all, in which as recently as the Fifties a majority of MPs were Conservative. And, that, as they both know well, still applies.

So that was the problem (one that he himself had played his part in creating) that Dorrell was perhaps subconsciously trying to solve: if the Scottish parliament is so catastrophic, why are the Tories pledged to it in being?

And it's why, instead of warning that devolution would lead inevitably to a reduced number of Scottish MPs at Westminster, or reduced per capita funding, or whatever, he chose to hint at repeat. But in doing so he not only held out what on any sensible expectations must be a highly unlikely prospect, to put it politely; he cut directly across the skilful act that Mr Forsyth has been running in Scotland, inconsistency or not: devolution will be a disaster and, what's more, you'll be stuck with it. Indeed one danger for the Tories about Mr Dorrell's remarks to *The Scotsman* is that they may, if anything, make anti-devolutionists feel safer about voting Labour. After all, if it all goes wrong, that nice English Mr Dorrell will come back and scrap it.

Labour's devolution plans remain open to debate; the West Lothian question – namely, whether it would be justifiable to keep a disproportionately high number of Scottish MPs in Westminster voting on English-only legislation, when English MPs would no longer be voting on similar Scottish legislation – hasn't itself been answered by Tony Blair's sensible decision to promise a referendum. There will be continuing disagreement over whether the Scottish Parliament will cement the Union or bring independence closer – as, for their very different reasons, Alex Salmond, the SNP leader, and John Major both claim. But it doesn't help the Tory case to suggest what is patently implausible: that a future Tory government would scrap a Scottish parliament.

The sensible course for Mr Major would be to stand Mr Dorrell down and leave the Labour bashing, at least as far as Home Rule is concerned, to Michael Forsyth.

## Polished poetry and glittering prizes

by Ruth Padel

**ICICLES ROUND A TREE IN DUMFRIESSHIRE**

We're talking different registers of vulnerability here. These icicles aren't going to last for ever suspended in the ultraviolet rays of a Dumfries sun.

But here they hang, a frozen whirling of lightning, and the famous sculptor I think of in Nevada, at work on the ochre moon-sweep of a painted desert.

who scrambles the world with his tripod for strangeness *au naturel*, got sunset to fill them. Can't be comfortable.

a double helix of opalescent fir stalks lacing round your bark down strong on which a sculptor spired

and wedged icicles, working all day for that Mesopotamian magic of last light before the dark,

suffusing a suspended helter-skelter with horizontal rays, turning it to a mist-carrousel from the House of Diamond, a spiral of Perspex, darkening to the blue shadow frost of cedars at the Great Gate of Kiev. Why it makes me think of opening the door to you

I can't imagine.

No one could be less of an icicle. But there it is – having put me down in felt-tip

in the mystical appointment book, you shoot that quick inquiry-glance, head tilted, when I open up,

like coming in's another country, a country you want but have to get used to, hot from your *bal masque*.

making sure

that what you found before's still here: a spiral of touch and go, lightning

licking a tree, casting itself as Aretha Franklin singing "You make me feel like a natural woman" in *basso profondo*

and firing the bark with its otherworld ice the way you fire, lifting me off my own floor, spliced round your trunk as that tree gyres up at an angle inside the lightning, roots in the orange and silver of Dumfries. Now I'm in the lightning now you, you are,

when you pour yourself round me entirely. No who's doing what and to who, just a tangle of spiral and tree.

You might wonder

about sculptors who come all this way for a thing that won't last.

You know how it is: you fever a day, a whole life. Then the light's passed, you walk away to the Galway Paradise Hotel.

Pine-logs, cutley, champagne – OK, but the important thing was making it. Hours, and you don't know how it'll be.

Then something like light arrives last moment, at speed reckoned only by horizons: completing, surprising with its three hundred thousand kilometres per second.

Still, even lightning has its moments of panic. You don't get icicles catching the midwinter sun in a perfect double helix in Dumfriesshire every day.

And can they be good, for each other, lightning and tree?

It'd make anyone, wouldn't it, afraid? That rowan'd like to sleep and wake up in your arms but's scared of getting burnt.

And the lightning might ask, touching wood, "What do you want of me now we're in the same atomic chain?"

What can the tree say? "Being the centre of all that you are to yourself, that'd be OK

Being my own body's fine

but it needs you to stay that way."

No one could live for ever in a suspended gleam-on-the-edge, as if sky might tear any minute.

Or not for ever for long. Those icicles won't be surprise any more. The string blew away. Glamour left that hill in Dumfries.

The sculptor went off with his black equipment. Adzes, twine, leather gloves. What's left is a photo of a completely solitary sight.

in a book anyone can open. And whether your touch at the door gets forgotten or turned into other sights, light, form.

I hope you'll be truthful to me. At least as truthful as lightning, skinning a tree.



Photograph: from *Wood* by Andy Goldsworthy (V&A, £10)

putting someone at ease with Bollinger by calling for stout. "We'll exchange it for a bit." But I'll stick with the pen.

"Avoid hearing down too hard when writing," says its instructions. I couldn't part with a pen that tells me that. It has a "special highly expressive nib" and describes what you've always wanted to know: the ideal writing position. The mystical filling instructions include a drawing of an aeroplane. "Always fill your pen completely before travelling by air." Mont Blanc, you see, knows poets write flight-poems under the influence of free spirits.

My pen has a white marigold at the tip, is "designed to fit comfortably in the hand" (Andrea was afraid it might be too big for mine) and "provide a lifetime of writing pleasure". To men, apparently – the illustrations have a man writing to his mate. Bob, about strenuous chess problems. The nib, "adorned with intricate platinum inlay", has a "handmade tip of iridium alloy, rarer than gold and significantly harder than steel".

Wonderful. Wonderful. But I'm worried I might start writing like a man. "The poet Ivachim Ringelnatz gave this pen his ultimate tribute". This phrase (echoes of *Funny Hill*) means a four-line address to his awe-inspiring tool.

My pen wants to be polished with a jeweller's cloth, an attention you could give words instead. I always got C for handwriting and have never had a mature relationship with any ink-filled object. I'm not their type, I suppose I'll learn. I've had it five days now but had too much work (on a laptop) to begin with proper awe. One day, I'll fill it.

A real pen, first prize out of 7,000 anonymous poems, money to fill your overdraft – this is what people dream of when they try an Arvon poetry course or a workshop listed in the pages of *Poetry London Newsletter*. (Catch the launch-reading for the next issue, on 27 February, in London's most spookily glamorous venue, the Old Operating Theatre.) "You'll have to write differently now," says Chris Meade, helping me look at my pen.

Chris runs the Poetry Society, its crimson bunting, the Poetry Map on the Internet, the award-winning Poetry Card. Well Chris, thanks for everything. When I write now I promise I'll try out recommended positions, and not bear down too hard.

**P**oets are minor carnivores, preying on their own (and everybody else's) vulnerability. Vulnerability is poetry's stock-in-trade. Now a poem about it has won me first prize in the National Poetry Competition: an unvulnerable, half of it tax-free. (Only half, because I entered alone. If my publisher had done it, it would be all tax-free).

Weird. It's not what poems usually do. You work away obsessively several days then tinker over weeks, alternately thinking "This is great", "What a mess". Then suddenly it doesn't want you any more. When a poem wins something you look at its words (I now know) with a new eye. They take up the same space on a microchip, but how much is each worth? I tried to work it out but got dizzy. If I had cut a word, would the ones left be worth more?

Poems don't get that sort of money. They get a bit, never commensurate with work done on them: £25 plus a poetry magazine: £100 from a national newspaper. Four thousand pounds is incommensurate the other way.

I nearly didn't send this poem in. It took a month after seeing Andy Goldsworthy's sculpture in *The Independent on Sunday* to beat into any shape.

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## Easier to find servants than entrepreneurs

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**Diane Coyle**



**UK**, and one of the best-known international. There is no doubt that it is one of Britain's biggest entrepreneurial successes. But the airline Virgin Atlantic makes up most of the business and accounts for most of the profit. The more exciting and innovative Virgin businesses are tiny.

The recent huge international successes might not be Continental, but they are not British either. The giants of enterprise, such as America's Microsoft and Netscape, or Genentech and Amgen, completely outshine the small British technology firms.

Research by Warwick University's Centre for Small and Medium Sized Enterprises shows that in a six-year period the number of new businesses that survived amounted to only 1 per cent of the total number of all companies. This puts Britain behind Austria, Belgium, Germany, Ireland, the Netherlands and Switzerland as an enterprise centre.

That leaves, as the most solid footing for the Government's claim, the notion that overseas investors like to build their factories in this country rather than on the Continent. Inward investment in the UK has indeed been running at record levels. One catch, however: we have to gloss over the fact that outward investment by British companies has also reached a record level, with UK investing twice as much abroad as abroad is investing here.

The rate at which small businesses start up looks impressive, but their failure rate is almost as high. Not many small companies grow up into big ones. Think of some of Britain's best-known and most successful entrepreneurs. Anita Roddick's Body Shop is one of them. More than 20 years old now, it is only the 32nd biggest company listed on the stock market. Richard Branson runs Virgin, one of the biggest private companies in the

UK, and one of the best-known international. There is no doubt that it is one of Britain's biggest entrepreneurial successes. But the airline Virgin Atlantic makes up most of the business and accounts for most of the profit. The more exciting and innovative Virgin businesses are tiny.

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This latter category is a mixed bag of labour which is cheap for its level of productivity and skill. Others can play the same game with Ireland and Spain inside the EU and the Czech Republic and Poland on Germany's eastern border offering stiff competition on the same territory.

Besides to focus on the activities of foreign manufacturers gives an entirely misleading impression of the force driving the British economy. Britain is Europe's domestic service capital. Yes, servants. When it comes to domestic staff, the UK has been creating jobs like nobody's business. Fallen City star Nicola Horlick is not alone in employing nannies and cleaners. According to official statistics domestic service has been the fastest-growing sector of the economy since the trough of the recession five years ago, up by more than a third in terms of activity. This puts it ahead of various other rapidly expanding and possibly entrepreneurial industries such as air transport, computer services and telecommunications.

What's more, experts predict it will continue to be the fastest-growing area of employment. Warwick University's Institute for Employment Research predicted recently that the main areas of employment growth between now and 2001 will be professional occupations and administration on the one hand, and "personal and protective services" on the other.

Britain's increasingly Upstairs, Downstairs economy could pose real social problems. As Dr Wilson points out, an increasing number of households are existing on very low pay. The UK has already seen since 1980 the biggest rise in earnings inequality in the industrialised world, making it the undisputed inequality centre for Europe.

# business & city

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COMMENT

## National Express is preferred bidder for ScotRail franchise

Randeep Ramesh

Transport Correspondent

National Express, the coach and rail group, was announced yesterday as the preferred bidder for ScotRail, which runs trains north of the border.

The decision marks the end of the franchising process after a spurt of activity in January saw four franchises sold off in one day. Civil servants admit that the impending election has

forced the pace of the sell-off.

The only remaining franchise in public hands is Regional Railways Central, which runs services from Wales to East Anglia. Managers from First Bus and National Express were meeting last night to present their final bids. A decision is imminent.

ScotRail's service will be heavily regulated by the Strathclyde Passenger Transport Authority, which is expected to rubber-

stamp the decision a week on Friday.

National Express beat off rivals Stagecoach, the bus and rail group, Prism, the quoted train company, a management buy-out bid and a consortium including Go Ahead bus group.

ScotRail presented civil servants with many problems. Stagecoach was thought to stand little chance after officials announced it would be referred to the Monopolies and Mergers Commission if it won. Al-

though the bus company has a 20 per cent share of the Scottish bus market, Brian Souter, the company's executive chairman, said his company would not have bid if there had been insurmountable problems.

The ScotRail rail service generates more than £110m in ticket sales, but also requires a substantial subsidy of more than £240m – mostly to keep its "socially necessary" routes going.

ScotRail could have proved politically difficult to sell as councillors were initially opposed to the sale. However, Patrick Heetherington, the Ofqual official handling the sale, managed to talk round most of the sale's opponents.

Labour-controlled Strathclyde PTA was also instructed by party officials not to delay the letting of the franchise. The party leadership was concerned that having a single train oper-

ating company in the public sector could become a political embarrassment after a Labour victory.

National Express has already successfully attracted passengers to its Midland Mainline services carrying passengers from London to Leeds with innovative new fares and is now one of the largest groups controlling Britain's railways.

With ScotRail, which is the company's fourth franchise, the

company's rail team will have met senior managers' target of a passenger revenue stream of £300m. The group has ambitious plans for ScotRail, including new rolling stock and a refurbishment programme. The company is also considering building a new station at South Gyle in Fife and looking at plans for an airport link from Glasgow airport to the city centre.

ScotRail will prove a difficult railway to run. Almost half its

revenue comes from the Strathclyde area, where ticket prices are largely controlled by the passenger transport authority.

However, a high frequency service between Edinburgh and Glasgow could attract passengers from the congested motorway that links the two cities.

The leisure market, analysts predict, will be another profit centre. ScotRail will prove the Fort William sleeper service and many of the highland routes.

## Bank increases pressure on Clarke with renewed demand to raise rate

Diane Coyle

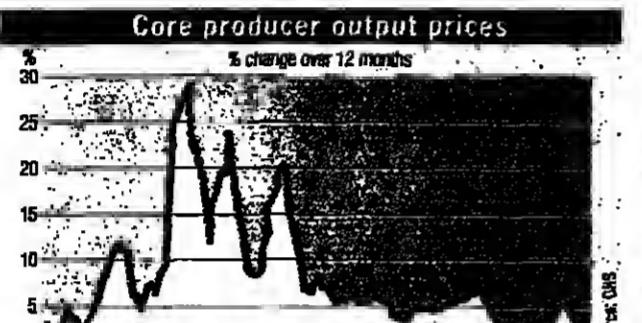
Economics Editor

The Bank of England is poised to raise the stakes in its clash with Kenneth Clarke with a renewed demand, in its Inflation Report tomorrow, for interest rates to rise. But the Chancellor is now widely expected to put politics first and avoid increasing borrowing and mortgage costs before the election.

Treasury officials admit privately that the Chancellor has not paid any attention to their internal advice for some weeks. "We don't know ourselves what he's going to say when he goes into the monthly meetings," said one.

Some Treasury officials, like the Bank of England, believe that the strength of the economy means base rates ought to rise to keep inflation on course for its target in the longer term.

One Treasury adviser, "wise person" Tim Congdon of Lombard Street Research, went further yesterday. In a report to clients he wrote: "British monetary policy is deviant and irresponsible, just as it has been



remained below last summer's rapid pace.

The British Retail Consortium said the strong pound meant tourists visiting London were doing less shopping. Food and drink sales were weak but the sales performance in other areas was good. Andrew Higginson, chairman of the BRC's economic affairs committee, said: "The latest figures point to a healthy picture for the economy as a whole. The value of retail sales has now stabilised."

Separately, official figures yesterday showed that the increase in "core" prices charged by manufacturers was 0.6 per cent in the year to January, the lowest rate of inflation at the factory gate since 1967. Output prices rose 0.3 per cent during the month before adjusting for normal seasonal variations – a very subdued increase at the time of year when manufacturers usually push through increases in their list prices.

A decline of 0.6 per cent in the price of raw materials in January, in large part due to the strength of the pound, helped explain the extremely good output price inflation figures. This took them to a level 6.2 per cent lower than a year earlier.

Analysts in the City said the latest economic news had vindicated Mr Clarke in the eyes of the financial markets.

"These figures were truly excellent from the Chancellor's perspective," said David Owen, an economist at Kleinwort Benson. "The exchange rate is clearly having a bearing on the economy."

Michael Dicks, UK economist at investment bank Lehman Brothers, said: "The Bank of England will have to make out the case for ignoring the rise in sterling since its last Inflation Report. It will not be as persuasive this time around."

Although some City experts agree with the Bank – and Treasury – view that base rates should go up now for the sake of the longer-term inflation target, most expect to see very favourable inflation figures for the next few months. "Short term there is no reason to worry about inflation," said Kevin Darlington at Hoare Govett.

## G7 view of exchange rates boosts dollar

The dollar gained ground after an early dip yesterday as financial markets absorbed the meaning of the weekend's communiqué on exchange rates from the Group of Seven (G7) industrial countries, writes Diane Coyle.

An upbeat annual report on the economy from the White House's Council of Economic Advisers confirmed the market sentiment that the underlying state of the US economy warrants a strong dollar.

The G7 statement said "major misalignments" in exchange rates the ministers had decided to tackle in April 1995 had been corrected. This was seen as a signal that they would be unhappy if the dollar strengthened very much further

against the yen and mark, but equally were not about to intervene in the foreign exchange markets.

The view that the dollar's recent appreciation reflects economic fundamentals was boosted by yesterday's Economic Report of the President, which saw an sign of recession on the horizon. "There is no foreseeable reason why this expansion can not continue," it said.

The tone of the report, issued each February, was extremely optimistic. "The ability of the economy to sustain low unemployment and low inflation is the best it has been in years," it said, claiming that the rate of unemployment below which wages and prices would start to

pick up had fallen and could decline further.

US unemployment has been below 6 per cent, the rate which economists used to think marked the start of the inflationary danger zone, for more than two years. The Council of Economic Advisers is in good company in its view that the so-called "natural" or "non-accelerating inflation" rate of unemployment has fallen.

The Council concluded that the economy's potential growth rate is higher than the 2.3 per cent average predicted for the next five years. "The administration does not think that 2.3 per cent real growth in the long term is the best the US can do. The outcome could be even better."

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Andrew Regan: Thought to be keen to buy some of the Co-Op's non-food interests

## Lanica suspended amid muddle over Co-Op deal

Nigel Cope

The strange tale of Lanica Trust, the tiny investment vehicle, took a fresh twist yesterday when dealings in the company's shares were suspended ahead of a planned approach to the Co-Operative movement about buying some of its non-food operations.

The suspension followed volatile early trading in Lanica shares which saw the stock soar a further 313p before dealings were halted at 1,950p. The surge was the latest in a series of wild movements in the shares which were trading at just 116p last September when 31-year-old entrepreneur Andrew Regan bought a controlling stake.

The Stock Exchange said it will be seeking further discussions with Lanica but had not launched a full scale inquiry.

In a bizarre sequence of events the shares were suspended before Lanica had held a single conversation with the Co-Op about a possible £500m deal and before the Co-Op was even aware of the interest. Lanica's advisers said its approach had received a "very courteous response".

This view was at variance with a tersely worded statement from the Co-Op which rejected Lanica's overtures outright. It said: "The CWS has today written to its members giving them an assurance that the CWS has not been in discussion with Mr Regan, does not have the details of what his aspirations are and has no plans to dispose of CWS businesses or assets to him or his investment company."

The Co-Op said it had received no contact from Mr Regan before yesterday's approach, not even a telephone call. "The first [it the CWS] learnt of his impending approach was via a leak to a newspaper," it said.

Mr Regan, the son of Spring Ram chief executive Roger Regan, was preparing for a holiday in Barbados yesterday and was unavailable for comment. However, it is thought that he is keen to prepare a £500m deal that could see Lanica buy some of the Co-Op's non-food interests.

Comment, page 21

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## American and BA plan co-operation strategies

Michael Harrison

British Airways is examining ways to begin co-operating early with American Airlines even though regulatory hurdles in the US and Europe are likely to hold up the formal launch of their transatlantic alliance until late this year.

The news came as BA celebrated a decade in the private sector with record third-quarter profits and a special offer of 200 return tickets on Concorde for just £11.

Among the options being considered by BA and Ameri-

cans are to begin sharing facilities at Heathrow and American's US hubs and joint marketing initiatives. BA executives said there were a number of areas in which they could collaborate in advance of the alliance being given anti-trust immunity by the US authorities.

They also expressed confidence that any link-up between American and the Spanish flag-carrier Iberia would not jeopardise the alliance. "Iberia would be a pretty odd bedfellow for us and doesn't have the right image but we do not think American would do anything that would

create difficulties for our alliance," one BA executive said. BA's code-share agreement with USAir expires at the end of March but BA and American are unlikely to get the go-ahead to merge their transatlantic services until the autumn. The link-up is being examined by both the European Commission and the US Justice Department and Department of Transportation. The European Competition Commissioner, Karel van Miert, has warned that the European Court unless tougher conditions are imposed on the deal.

Mr Van Miert is also contesting BA's right to sell off run-way slots as the price for getting regulatory approval, as this would amount to a backdoor form of state aid for airlines. The loss of the USAir link-up will deprive BA of an estimated \$100m in extra profits. But as from this week BA is free to sell its 24.6 per cent holding in the carrier to other investors in a move which should allow it to at least recoup its original £250m investment. BA wrote down the value of the shareholding to £125m in 1995. USAir has until the end of this

week to repurchase the stake itself. Assuming that it decides not to, BA will begin negotiations with its adviser to dispose of the shareholding probably through a placing in New York. The sale may not be completed in the current financial year.

Meanwhile, Sir Colin Marshall said he expected the economic growth that had fuelled record airline profits in 1996 to continue this year. BA, he added, remained on track to achieve £1bn of cost savings by the end of the decade through its business efficiency programme.

He was speaking as BA reported a 9 per cent advance in pre-tax profits to £113m for the three months to the end of December. The improvement came despite a 34 per cent rise in fuel costs which increased BA's fuel bill by £56m and reduced operating profits by £131m.

The Concorde offer will cost BA £1m in lost ticket revenue.

The £10m return represents a saving of £5,400 on the current round fare. The tickets go on sale from 10pm tonight to the first callers to ring a special number: 0345 222111.

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## American faces pilots' walk-out

David Osborne

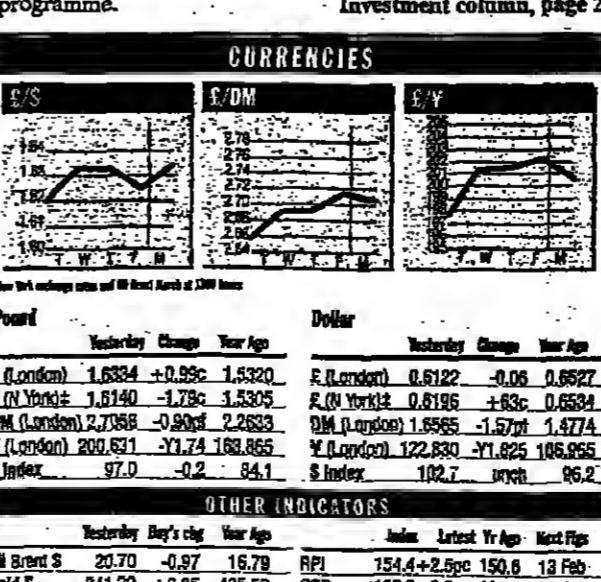
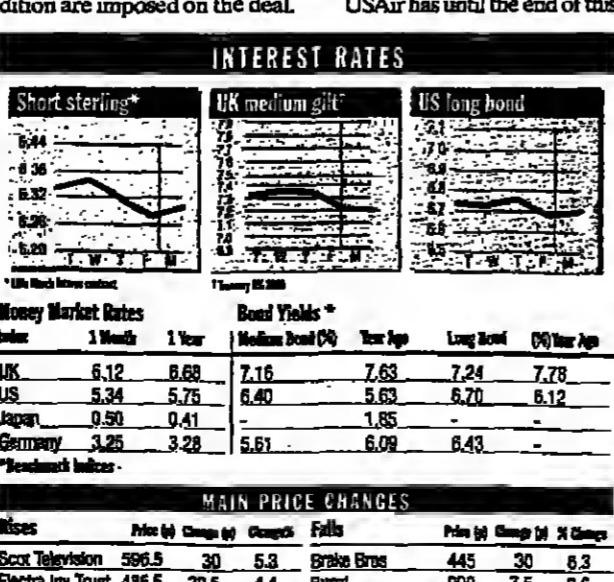
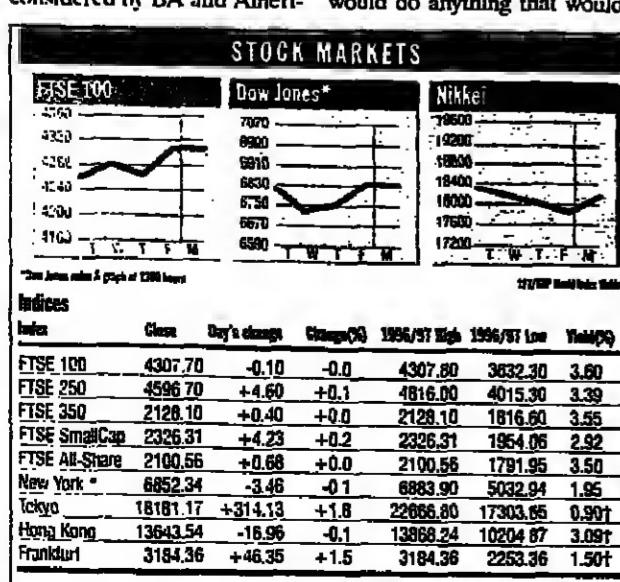
New York

Both the Caribbean and Latin America, two regions where American is the pre-eminent US carrier.

In preparation for the worst, American has already prepared redundancy notices for 90,000 employees who would be placed on emergency unpaid leave. Also grounded would be American Eagle, the carriers' commuter subsidiary.

The company, which is headed by the irascible Robert Crandall, has also drawn \$1bn from an existing credit line and borrowed an additional \$1bn – with its entire fleet as collateral – to provide it with a cash cushion to ride through a strike. At issue is the pilots' demand for an 11.5 per cent pay rise over the four-year life of a new contract. American, which reported record profits in 1996, is offering 5 per cent. "We are faced with two disastrous alternatives – unacceptably high costs or cessation of operations," Mr Crandall wrote in a memo to employees.

For travellers, it is a nightmare scenario. Friday also marks the start of a public holiday, the "President's Day" weekend, and the start of half-term for many schools. A strike could leave thousands of travellers either unable to travel or stranded away from home.



Source: FT Information

1st Mar 150



## COMMENT

'Paradoxical as it seems, giving the Bank its independence is the best way to make monetary policy less arbitrary. Its independence will be required eventually in any case if Britain decides to join the single currency.'

## Labour shows the way forward for the Bank

**A**re interest rates safe in his hands? Kenneth Clarke says they are. He can point to the mix of low inflation and steady rather than rapid growth revealed by recent monthly economic statistics. Perhaps he will turn out to be right. But the point is that the reins of monetary policy should not rest in his hands alone. The arrangements rushed in after the failure of Britain's ERM policy in 1992 were supposed to create an institutional framework that would restore the credibility of policy and make the judgements less arbitrary. They have failed on both counts.

The arbitrariness is displayed by Mr Clarke's cheerful dismissal of advice from both the Bank of England and his own officials. In fact, he has disagreed with the Bank for most of the past two years. For part of 1995 and again since last May, the Bank has been much more hawkish – and with reason if you remember that inflation has only been below its 2.5 per cent target for two months during that entire period. Now many Treasury economists have come to share the Bank's diagnosis, and Mr Clarke turns out to be ignoring them too.

As for credibility, its absence is clear in the verdict of the financial markets. The British Government has to pay a lot more to borrow money than any other European government apart from that of Greece. Nor have inflationary expectations in Britain changed very much. There is a simple way of measuring this – by comparing the yield on index-linked and conventional gilts – and

it has fallen only slightly, with UK inflation expected to be above 4 per cent on a 5-10 year horizon.

A new Labour government would set the Bank of England on the road to independence by introducing a Monetary Policy Committee consisting of the Governor, Deputy Governor and six directors reporting to a more broadly-based Court of the Bank of England. If it worked well, the Bank would earn its independence.

Paradoxical as it seems, giving the Bank its independence is the best way to make monetary policy less arbitrary. Its independence will be required eventually in any case if Britain decides to join the single currency. But whether this happens or not, Labour's proposals would, short of their vagueness, be a huge improvement over the present arrangements. These have turned out not to check at all the untrammeled decisions of a Chancellor bowing to political pressures.

A broader – but sensible – range of appointments to the Bank's Court; a policy committee which could deliberate and report in secret, and therefore with honesty, but its minutes published with a delay; and ultimately an independent Bank – it is hard to see the flaw in what Labour is proposing. If there is one, it would surely lie in the Chancellor's ability to pick and mix the advice of the monetary committee. If the committee were divided, for instance, he could choose the option that most suited him politically. The beauty of the present system

is that the Governor's advice is unambiguous. That said, however, these reforms would be a clear advance.

### G7 cannot hold back the tide

**T**here was something Camute-like about the cheery statements from the finance ministers who emerged from the G7 meeting this weekend. That's great, they cried to the foreign exchange markets, but don't move any further. Like the Danish king thanking the sea for washing his toes, but warning it not to tickle his ankles, they didn't sound particularly convincing.

The G7 finance ministers were right back in April 1995, when they collectively decided in the steam out of the yen and the mark. The slow steady rise of the dollar since then in any case reflects the healthier US economy compared to its European and Japanese counterparts. But the idea that the trend will stop here simply isn't plausible.

When credible authorities announce that the economic fundamentals demand a particular (if broadly defined) correction in exchange rates, and convincingly convey their determination to get it by intervening in the markets, then traders take note. Why waste your time betting on a rising dollar if you know the Federal Reserve and the Bank of Japan have the power and the confidence to prevent it happening?

But that is not what is going on here. For a start, the G7 ministers made no mention of co-ordinated intervention this weekend.

More important, even if the finance ministers and central bankers had discussed building a sea wall, the chances are the markets wouldn't have taken them seriously for long. The US economy is growing well, and its fiscal position is strong. Across the Pacific on the other hand, the Japanese are slowly and painfully adjusting their economy to cope with the competitive pressures of the next century. While they are struggling, the yen will remain fragile.

This may be the time for the G7 to start thinking seriously about "target trading zones" for their currencies. Sounds a bit like a global version of the ill-fated ERM, doesn't it? But actually that is the implication of what finance ministers said this weekend. They want exchange rates broadly where they are for the time being. But are they prepared to do what the markets require in terms of intervention and policy to keep them there?

### This man is not the next Lord Hanson

**I**s this a ramp, or what? It is hard to see how the astonishing rise over the last six months in the Lamica share price can be justified, other than on a wing and a prayer. Even if Andrew Regan does turn out to be

the high achieving entrepreneur true believers think he is, even if he does manage to pull off a deal with the Co-op and follow it in swift order with others and even if he does transform those businesses into something they are not at the moment, can we really expect to vindicate the £97m of hope presently invested in the company's stock market value?

If you take the view that Mr Regan is the next Lord Hanson, then possibly. But actually, there's not much reason, so far, to think he is. For a start, he's only 31 years old, and as befits someone of that age, his record of deal making is unspectacular. Right now there's lots of noise and speculation but not much action.

First there was the bid that never was for the mail order firm Freemans. Now this Co-op business. Billed as the deal of the month in a leading Sunday newspaper, the whole thing turned rapidly to farce yesterday. As happened the Co-op hadn't even been approached. Letters were rapidly drafted and dispatched, but then... well actually we don't want to sell anyway, so get lost.

Mr Regan's supporters say he's a serious guy, he's got some good ideas and backers, and one day soon he'll pull off something big. So far, there's scant evidence of it, however. This is one of those cases of the stock market's propensity to back the man, rather than the company and its business. Steer well clear, for unless you know exactly what you are doing, you'll get your fingers badly burnt.

## Electricity firms 'may have to delay competition'

**Chris Godsmark**  
Business Correspondent

The electricity industry regulator may have to consider delaying the launch of domestic competition, planned to start in April 1998, rather than developing special contingency plans, according to a leaked report commissioned by his department, Ofgem.

The document, submitted last month by PA Consulting Group, Ofgem's programme manager for competition, also warns that the two preferred contingency arrangements may be so time-consuming and complicated that they may fail to work on time.

The latest disclosure about domestic competition follows comments last week by Professor Stephen Littlechild, the regulator, arguing that the complex process of transferring customers to alternative suppliers might have to be done manually if newly developed computer programs break down. Ofgem's plan envisages a rolling programme extending competition to 20 million homes between April and September next year.

PA Consulting was asked by Ofgem to come up with contingency plans after growing doubts about whether the industry would meet this

timetable. Its report, which has been seen by *The Independent*, warns: "Delaying the launch of the competitive electricity supply market is a possible option for all scenarios. Before contingencies are invoked, the relative benefits of contingency plans versus delaying the launch

of competition should be considered." It goes on to outline various possible contingency arrangements which would give customers the ability to move supplier even though the systems to manage the process had not been fully developed.

The report says Ofgem will have to decide which plan to adopt by May, with a final decision on whether to implement the temporary arrangements due in September.

The first option involves new suppliers signing temporary bilateral agreements with the RECs. The RECs have suggested that at least a third of the 14 com-



Power plans: Professor Stephen Littlechild says competition can be made to work without contingency schemes

panies involved – 12 in England and Wales plus two in Scotland – are unlikely to have their computer systems ready in time. The fear inside the industry is that the contingency plans may be as difficult to sort out.

The warnings of PA Consulting have been echoed by Andrew Claxton, chief executive of the Pool, which is spending £50m preparing for competition.

He told a recent industry conference that the contingency plans could be so unattractive

that they would put off new suppliers from entering the market. Outlining the severe shortage of trained consultants to manage the computer problems, he said developing temporary fallback plans "implies a diversion of resources that can further compound the initial scarcity."

A spokeswoman for Ofgem declined to comment on the report yesterday. She said PA was likely to produce a final version of the document in the next few weeks. This might be made public.

## VDC shares slump on profits warning

**Magnus Grindon**

Shares in VDC, floated on the Alternative Investment Market at 400p in September 1995, crashed to 110p to 165p yesterday after the medical products distributor warned that results would be "significantly below current expectations". The group, formerly known as the Veterinary Drug Company, blamed the problems on Procure Health, a dental supplies distribution business, acquired for £6.1m last April from Enviromed, the biotechnology group driven lately by boardroom strife.

"But under the ownership of Enviromed, the management had put such strictures on the business that it had suffered badly, hence we bought it at a good price. Unfortunately, we are not now going to meet the market's expectations of growth in that business now."

Market forecasts for group profits in the current year to May were cut by £1m to around £1.7m yesterday, only slightly ahead of the previous year's

figure of £1.65m. Mr Rabone said Procure had made profits of £35,000 in the first half and had been expected to make "several hundred thousand" more in the second. They were now expecting it to turn in a small loss.

Procure's market share of the dental supplies market, put at around 10 per cent when it was acquired, was now somewhere between 6 and 8 per cent. Mr Rabone said, as well as some loss of share to the operation's two or three bigger rivals, he said the accuracy of market information had been improved.

He said they would not be taking any legal or other action against the vendors of Procure, however Ernst & Young, the group's auditors, have been asked to extend their review of the interim financial statements. Management reporting systems have also been tightened up. VDC's interim results are expected to be released on 21 February.

### High price hint for Centrica

British Gas brushed off recent pessimism about its share price performance yesterday when shares in its spin-off demerged supply division, Centrica, began trading near the top end of analysts' expectations of the unofficial "grey market".

Centrica shares ended at 70.5p, valuing the company at almost £2.2bn. Official trading begins next Monday, with the split from British Gas to be put to a shareholders' vote at an EGM tomorrow.

Yesterday's indicative price suggests the misery for 1.8 million small investors could be overcome. Previous estimates of Centrica's value had varied wildly, with some analysts putting the share price as low as 25p and others higher than 90p.

Simon Flowers, head of utilities at NatWest Securities, said: "The stock market has come to the conclusion that the assets are quite desirable and the liabilities are not as high as was previously thought."

Shares in BG, the pipeline business, closed on the grey market at 172.5p. British Gas shares were unchanged at 243.5p.

## Fuels fears

### How Dow Jones plummeted in January

The US financial information group is facing a revolt over spending on its Telerate, writes David Usborne in New York

publicised sniping from two members of the Bancroft family that founded and still controls the company, William Cox III and his cousin, Elisabeth Goth.

Last week saw the sudden resignation from the company payroll of Mr Cox, who had been in charge of Dow Jones' global stock indices. While Mr Cox gave no official reason for his decision, he indicated that it would liberate him to fight for a change of direction in the future.

Most urgently at issue is the fate of Telerate, which has been faltering behind the rival global services of Reuters and Bloomberg.

The disappointing share performance has led to widely

bergs. Stock of Dow Jones took a beating in late January after the company announced that it would spend \$650m trying to revive the sagging service. Many investors had been hoping instead for a decision to dump Telerate.

*Fortune* magazine, meanwhile, recently revealed that the prominent New York money manager Michael Price has amassed 5.4 per cent of Dow Jones stock. The magazine last week tried to capitalise on its scoop by placing an advertisement in the *Wall Street Journal*. Dow Jones refused to print it, however.

Jones independent, but the best way to do that is to good corporate governance," Mr Cox remarked.

Of his own decision to quit, Mr Cox commented: "I think that it's the right route. It's difficult to work at the company and try to get better shareholder value." He added: "Obviously Michael Price is there and others are there because it's an underpriced stock."

Taking the heat in the dispute is the current chairman of Dow Jones, Peter Kann. A former Pulitzer Prize recipient and famed Vietnam war reporter, Mr Kann may be under pressure in April to spin off Telerate and cut the company's losses in it. There is no expectation, however, that his own position is at risk.

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## business

# Resignation wipes one-third off Toad market value

Magnus Grimond

Toad, the loss-making car security group backed by Chris Evans, the biotech entrepreneur, saw nearly one-third of its stock market value wiped out yesterday following the surprise resignation of the chief executive, Charles Parker, after just over a month in the job.

The company blamed "irreconcilable differences" between Mr Parker, who joined from the Charter industrial giant at the beginning of January, and the rest of the board. But the group also warned that sales in December and January had been "substantially below budget" due to disappointing trading through dealers and its own network of installers.

Mr Parker, who is on a £170,000 contract at 12 months notice, is to be replaced as chief executive by Kevin Gray, who became a non-executive director following the takeover of his Secur-Fix company last April.

The shares, which recently moved from the Alternative Investment Market to a full-list-

ing, crashed 19.5p to 41.5p yesterday, wiping £3.3m off the group's former market capitalisation of £10.6m. The group has raised £10.6m in two placings at 90p and 80p a share over the past 14 months, the latest in January, but the shares have been sliding steadily since the start of the year, when they were trading at around 85p.

Mr Evans, who chairs the group and owns around 20 per cent of the shares, said there was "nothing substantive" to account for the departure of Mr Parker. There was "not much massive. No major falling out. No bombshell," he said. He also dismissed any suggestion of Mr Parker uncovering a "black hole" at the group. "If there was, we would have been obliged to reveal it. It was just a whole number of little things," Mr Evans said.

The second-half loss for the group would be lower than for the comparable period of the previous year, but sales in January and February had been disappointing, he said. They were still on course for around £5m

sales for the year and a loss in the region of £3.5m, roughly in line with previous market forecasts.

He suggested compensation for loss of office would not be large. Mr Parker had resigned and was therefore legally entitled to nothing. "There may be some kind of payment, but it will not be substantial."

Mr Parker had spent several months last year doing what Mr Evans described as "due diligence" before throwing in his lot with Toad. He had been credited with pushing through Charter's highly successful £445m takeover of the Swedish welding rods group Esab in 1994. But it had been clear almost from when he took the reins in January that he was not comfortable in the job, Mr Evans said.

"The leap from a big company to a small one, that's a hell of a leap. Time and time again, people fail in making that leap."

There were said to have been "fundamental disagreements" between Mr Parker and the non-executive directors over the way the group should be



Toad in a hole: Chris Evans (above) said there was 'no bombshell' behind Charles Parker's departure after only a month in charge

taken forward. Mr Evans, whose fortune based on biotech groups such as Chiroscience was put at £60m last year, is one of three non-executives on the

company's board, along with John Morris, a fellow biotech investor, and Derek Whitaker, a former chief executive of the old British Leyland car group.

## NFC boosted by prospect of Lynx sale

Patrick Tooher

Shares in NFC rose sharply yesterday after the transport and logistics group announced it was in talks to sell Lynx, its express parcels operation, to a management buyout team backed by venture capitalists at NatWest.

NFC's shares advanced 7.5p to 16.5p on the news, but remain off the 200p reached in recent months.

In a statement NFC said it would be several weeks before a contract was signed because NatWest was currently under-

taking due diligence. A further announcement would be made when the current negotiations were concluded, NFC continued. The deal is expected to net NFC between £30m-£35m.

Lynx, which can deliver parcels overnight in Britain and continental Europe, had a net asset value of around £25m and turnover of £94m in the year to September, when it returned to profitability. It has had a chequered past with losses peaking at over £12m in 1993.

Analysts welcomed the news of the planned disposal. "Lynx is in a fierce and competitive

business and is barely making money but it is on the mend and should clear its net asset price," said Andrew Darke, transport analyst at brokers William de Broe. "Two years ago NFC could not give it away."

NFC, whose activities include Ecol Logistics and Pickford transport group, has indicated for some time that Lynx was a non-core business, but management led by Gerry Murphy, who became chief executive in 1995, insisted it was no rush to sell.

Lynx competes against the likes of UPS, Federal Express

and Nightfreight in a highly fragmented UK market where margins are notoriously wafer-thin.

The decision to sell Lynx ends months of speculation about its future within NFC. It is also part of Mr Murphy's strategy to concentrate its UK logistics operations on larger and fewer contracts. Mr Murphy also plans to build revenues in North America and reorganise a series of national networks in Europe.

Sir Christopher recently ruled out selling the European businesses, saying divestment was not an option.

ago, have presided over a wholesale clearing of directors as part of a £50m restructuring programme.

After slumping to a £39m profit in 1995, NFC recovered to make £105m on sales of £2.46bn in the year to September.

NFC is still with a clutch of heavily loss-making businesses on the Continent after its ill-fated attempt to build a pan-European distribution system in the late-Eighties.

Sir Christopher recently ruled out selling the European businesses, saying divestment was not an option.

Though pet food profits held up, the dog food business has been dented by Pedigree's marketing muscle. Pedigree's Felix brand has held off a marketing challenge by Pedigree's Whiskas brand. In dog food it will be hoping that its Winalot re-launch with the slogan "Live a lot, wag a lot, Winalot," raises sales as well as smiles.

With Dalgety's shares a long way south of their mid-1995 high of 480p, the group faces serious questions. The first is whether it can build its pet food business to do battle against Pedigree. Margins used to be measured in double digits in this business but are a long way short of that now.

Another question mark hangs over whether the group really needs four divisions.

The US distribution business, which is dedicated to McDonald's, seems non-core though Dalgety is unlikely to raise more than book value for it. This business has not been helped by the slowdown in like-for-like sales at McDonald's outlets.

True, many of the efficiencies pushed through by BA's chief executive Bob Ayling, such as packing the accounts department off to Bognor, are yet to show through.

Nor can any amount of inspired leadership stop aviation fuel prices rising by a third –

# Dalgety dogged by Pedigree problems and BSE crisis

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

With the dividend barely covered by earnings, the City will start to become restless is there is not a Dalgety revival in the second half and management could find its position under scrutiny.

The animal foods business should begin to stabilise post-BSE, while the food ingredients division is solid enough.

With analysts forecasting full-year profits of £104m falling to £10m, the shares trade on a forward rating of 15 falling to 13. The real attraction is the 8 per cent yield, which should cover the downside risk and makes the shares worth holding.

Assuming full-year profits of £64m this year and £70m in

1998, the shares, up 11p at 397.5p, stand on a forward multiple of 12, falling to 11. They should still have some way to go, but given the uncertainty BA faces, a repeat of the 500 per cent return shareholders have enjoyed in the first decade of private ownership looks implausible.

## USAir lifts BA profits

Where will British Airways be in another 10 years' time? Will it still be an airline in the accepted sense of the word or will the craze for shedding staff, cutting costs and outsourcing every conceivable function have turned it into the world's first truly virtual airline? Will it, for that matter, still be called British Airways or will a series of mega mergers have transformed it into a behemoth of the skies as American or Oriental as it is British?

Those searching for clues in the airline's third-quarter results may be a little disappointed. Despite BA's goal of shaving £1bn from its cost base through the much-vaunted Business Efficiency Programme, employee costs are up by 10 per cent this year. Meanwhile, progress towards gaining regulatory approval for the American Airlines alliance is proving painfully slow.

Had it not been for £1m in dividend arrears from USAir, its erstwhile transatlantic partner, BA would have been celebrating a decade of private ownership not with another set of record figures but with a small decline in third-quarter profits.

True, many of the efficiencies pushed through by BA's chief executive Bob Ayling, such as packing the accounts department off to Bognor, are yet to show through.

Not can any amount of inspired leadership stop aviation fuel prices rising by a third –

Had it not been for £1m in dividend arrears from USAir, its erstwhile transatlantic partner, BA would have been celebrating a decade of private ownership not with another set of record figures but with a small decline in third-quarter profits.

But a rise in operating margins to 8.6 per cent from 6 per cent helped push pre-tax profits 32 per cent higher to £15.5m on sales of £257m (£232m). The maintained dividend of 14.5p was covered by earnings of 3.7p (2.4p).

Bryant sees a progressive improvement in confidence among home buyers rippling out from the South-east. It cites as evidence a 30 per cent rise in net reservations continuing into the second half – even if the corresponding year's figures were lousy – and it looks on course to hit its target of building 4,000 homes this year.

Better still, there are no signs yet that the prospect of a general election by May and the possibility of a rise in interest rates is affecting purchasers' confidence. With a fair wind and a post-election "honeymoon", double-digit margins are a distinct possibility next year as Bryant recovers from a low base.

But concerns about the Admiral deal and the continued presence of the small construction division will surely limit its recovery potential.

UBS has raised its pre-tax profits forecast for the year to May by £2m to £37m. That puts the shares, up 10.5p to 150p, on a chunky forward multiple of 17, yielding 4.2 per cent. High enough.

## Queensborough selects Guthrie to build chain

Magnus Grimond

Michael Guthrie, who last October sold his Brightreasons restaurants group to Whitbread for £40m, has been appointed to the board of Queensborough Holdings with a brief to move the leisure group into "casual dining".

Mr Guthrie, who made his first fortune floating the Mecca bingo to holiday group, said to be ready to mount a bid to buy back Brightreasons Pizza

Pizza chain from Whitbread.

Mr Guthrie yesterday refused to comment on speculation about this or that he was behind one of the bids for Granada's Welcome Break chain of motorway service stations, which the television to hotels group is being forced to sell following last year's £3.9m takeover of Forte. He said he could only confirm that he

intended to help Queensborough in building up a restaurant business. However, he emphasised: "One thing's for certain: I am not going into one-offs, I am going to build up a chain."

The stock market reacted well to the appointment, marking Queensborough's shares up 5p to 36p. Up to now the group, which is one of the stock market vehicles of biotech entrepreneur Kevin Leech, has been concentrating on building a caravan site and theme park empire, including Cheddar Gorge. But Stuart Sims, Queensborough's deputy chairman, said yesterday they were not ruling out an approach to Whitbread.

"The plan is the creation of a new division within Queensborough, alongside its existing businesses, in that exciting area of leisure dining services, as it is called." They had "several op-

tions and we are considering these very carefully at this time," both acquisitions and green field sites, he said.

Queensborough wants Mr Guthrie to spearhead plans to make it a force in high street, rather than city centre, dining. That did not necessarily assume building an enormous chain, Mr Sims suggested. "If you look at people like Burger King, a very dominant player, they have 500 restaurants. Everybody assumes they have thousands of restaurants. If you come to the pricier end of the market, Pizza Express has a relatively small number of restaurants."

Mr Guthrie does not appear to be daunted by other business enterprises by yesterday's appointment. However, Mr Sims said: "He will not be doing anything in that sector which is competitive with Queensborough."

## Queens Moat sells 25 hotels

The struggling Queens Moat Houses company yesterday sold 25 hotels for £91.5m to a group of managers backed by Hamptons

and operating profits of £11.2m from £42.5m of sales in the financial year to 19 December.

QMHS will use £65.5m of the sale proceeds to repay senior debt this and next year; another £6m will be used to repay junior debt, some £17.5m will be set aside for capital improvements, and the remaining £2.5m will repay creditors.

Andrew Sanderson, an analyst at Merrill Lynch, said the price achieved for the 19 three-star County and six four-star Moat House brand hotels "sounds reasonable". However, he added that QMHS still had a long way to go, with around £247m of senior debt to repay by the end of the year 2000.

Mr Sanderson said prospects for further profits growth remained sound.

in the group's debt repayment burden."

Last September, QMHS reported that it lost £3.1m in the six months to June, compared with a £700,000 profit a year previously. However, it said it had made satisfactory progress in the second half, helped by lower interest rates. Occupancy in UK managed hotels rose to 70 per cent from 67.8 per cent.

Occupancy levels and room rates in the Netherlands also increased, while performance in Germany fell.

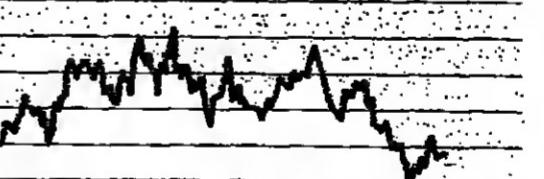
Mr Sanderson said prospects for further profits growth remained sound.

## Dalgety: At a glance

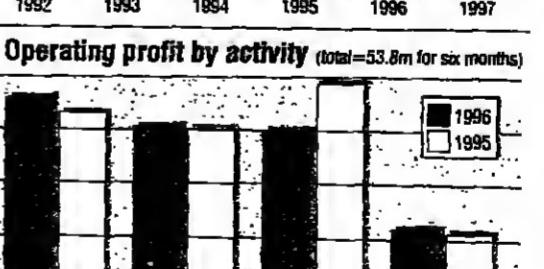
Market value: £967m, share price 341p

Trading record	full year		half year		
	94	95	96	95/6	96/7
Turnover (pounds)	4.8	4.7	4.3	3.4	2.1
Pre-tax profits (£m)	120.1	97.7	89.5	69.4	43.0
Earnings per share (p)	55.2	39.4	26.4	10.6	8.3
Dividends per share (p)	20.2	22.0	22.7	8.5	8.5

## Share price: pence



On Operating profit by activity (total = £3.8m for six months)



Source: Deloitte

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## business

# This could be a once-in-a-lifetime turning point for the dollar

It is very difficult to catch a cyclical turning point until after the event. Thus you have to wait at least a year to be clear that, for example, a recession is over, a currency has reversed its path, or that the next movement in interest rates will be up rather than down.

But if it is hard enough to catch a cyclical turning point, how much harder is it to catch a long-term, secular one. Here you are not dealing with a change that will take place every three to seven years, but rather one that takes place every 50 or 100 years. Anyone who claims to have identified such a turning point needs to hang the large public health warning: "This idea may be very wrong."

Apply this to the notion that it is not just a cyclical change in the value of the dollar which has taken place in the last two years but also a secular change.

Since the middle 1950s the dollar has been a weak currency. The weakness was not fully revealed until the Bretton Woods system of fixed exchange rates began to collapse at the end of the 1960s (the trigger was the devaluation of the other reserve currency, sterling, in 1967). But once post-war Europe began to recover and the dollar shortage of the 1940s was replaced with a dollar surplus, it gradually became clear that sooner or later the dollar would start a long decline. The principal beneficiaries were of course the mark and the yen.

Now both the mark and the yen are weak for cyclical reasons, but if the long-term trend of the dollar is intact then in another five or so years the dollar will be down in the dumps and at the bottom of that cycle it will be lower than it was two years ago.

If, on the other hand, the downward trend has reversed, those levels of two years ago will never be reached again. Could this be right?

five reasons why it might, and one why it might not.

First we are moving into a world of zero inflation, or as near zero as makes no difference. In the past one of the main reasons for currency adjustments has been differential inflation. In a world of high inflation some countries will inflate at, say, 10 per cent and others at 5 per cent, so that there will need to be adjustments every couple of years to keep them in line. But in a world of near-zero inflation you might have one country inflating at 1 per cent and another at 2 per cent. Maybe, once every 15-20 years you might need to have a change in parity, but it would not need to be very often, and it might well be that during this period the underlying performance of the higher-inflation country would improve enough not to need a currency adjustment at all.

Second: even if the US does have slightly faster inflation than Germany and Japan (as it does at the moment) the dollar may still be able to rise. It is not far from its average position in recent years (see graphs) so even after this recent rise there is still some leeway for it to move



**Hamish McRae**

If the downward trend has been reversed, those levels of two years ago will never be reached again. Could this be right?

(The long-term surplus of Germany

further. In fact it is probably still a bit undervalued.

Two, the fiscal position of the US, much criticised through the 1980s for the excessive deficit, is now under better control than the deficits of either Japan or Germany. True, the US retains the problem of low savings, but if you allow for the substantial private sector pensions of the US and the lack of these in Germany and Japan, the position is much more balanced. Looking ahead, in five years' time the US fiscal position may appear very favourable compared with that of almost all other developed countries.

Three, while the US population is ageing it is doing so at a slower rate than any of the Group of Seven industrial countries. Meanwhile Japan and Germany are ageing fastest. The demographic pattern of a country has a profound impact on its economic vibrancy, quite apart from its effect on savings and investment.

Four, there are signs that the endemic current account surplus of Japan and the endemic deficit of the US may be about to reverse themselves. (The

US has disappeared thanks to the costs of unification, and the country may well stay in deficit for another generation until the reconstruction of the former East Germany is complete.) Evidence for a move by the US back into surplus is, admittedly, pretty thin at the moment, but there are some signs that Japan may be moving back towards deficit. BZW examined the impact of a disappearance of the Japanese current account surplus in its latest monthly economic digest, noting that the peak in the surplus as a percentage of GDP was reached a fair back as 1986.

Five, the relative decline in the importance of the Japanese economy and the possible disappearance of the mark as a currency if European monetary union goes ahead, leave the dollar clear as the only reliable global currency. The euro might eventually become a reliable currency, but it is unlikely to be trusted by global savers until it establishes a track record. Were EMU to go ahead on a wide basis, then most investors would expect it to be weak.

There is one powerful counter-argument. It is the cultural one: that the low-savings culture is so embedded in the US, and the high-savings culture ultimately so secure in both Japan and Germany, that the value of the yen and the mark will remain solid. Provided the mark still exists, there will certainly be people who will want to hold it, and Japan's enormous net asset position will underpin the value of the yen. The US net deficit position, meanwhile, will continue to undermine the dollar. The US remains the world's largest debtor, and until there is some indication of a turning point in the net asset position it is a bit early to be confident of a turning point in the currency.

And where, might you ask, does the other chronically weak currency, the pound, fit into all of this? Oh, it becomes a strong currency too – but I am afraid that story needs another article.

# And a pint of economic recovery, please

## PEOPLE & BUSINESS



**Kenneth Clarke: The drinking man's Chancellor**

ing team don't just limit themselves to "Buy FKJ and sell GKN." Harry Phillips' latest effort also covers some "great racing at Newbury".

The circular dated last Friday adds: "We take Chelv-

Lad to win the Tote Gold Trophy whilst in the Grand National Trial at Uttoxeter.

Warren Marston has the opportunity to get back on the winning trail riding Mudham for his boss Jimmy Pitman.

In the event, Mr Phillips tells me, "Chelv-Lad didn't run, so no one lost any money, while Mudham came second at six to one."

This seems pretty poor in-

vestment advice, especially considering our own corre-

spondent at Uttoxeter says

that Mudham was "easily beaten by Lord Gyllene,

which trotted up."

Coincidentally, Mike Kerr-

Dineen, chief executive of

Credit Lyonnais Living Securi-

ties, had his own horse Poly-

dam running in the

Newbury Tote Gold Trophy.

"It came third at eight to one,

which is very good consider-

ing it's never been over hurdles before," says Mr Kerr-Dineen.

He and his Laing & Cuck-

shank colleague the Earl of

All Blacks.

Thankfully the lunch went

off without incident. There

was some amusement after

the loyal toast to the Queen

when some of the diners

urged Will Carling to get up

and say something – I can't

think why.

The teams will play each

other at the Stoop Memorial

ground, Twickenham, next

Tuesday. The match is being

sponsored by Reuters, who I

hear were considering spon-

soring the rugby world cup in

South Africa two years ago.

They were defeated by the

asking price – a cool £1.5m. A

Quins match looks a lot more

affordable.

De La Warr own another

horse Poteen, which they

hope will do well in the 2000

Guineas later this year.

On a more prosaic note,

Mr Kerr-Dineen has just

poached another private

client investment manager

from Quilter Goodwin,

David Malpas. Eighteen

months ago Laing & Cuck-

shank Investment Manage-

ment nicked Quilter's star

partner Nigel Lloyd.

Richard Legg and John

Nicholas.

Mr Kerr-Dineen says the

latest signing is especially im-

pressive as Mr Malpas, 35,

has been with Quilters for 12

years, and his father Peter

Malpas was also an old

Quilters hand.

To the Brewers, Chiswell

Street, London, to a lunch

celebrating "The 130th An-

niversary Challenge; NEC

Harlequins vs Auckland

Blues." This was one of those

events where you take partic-

ular care that you don't spill

your wine on anyone, since

they could be Jason Leonard,

the gargantuan captain of the

Quins rugby team, or Sean

Fitzpatrick, the even larger

captain of Auckland and the

All Blacks.

Thankfully the lunch went

off without incident. There

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## John Willcock

London Metal Exchange

\$tence Cash 3 mths

Volume LME Stocks chg

Aluminum \$155.05-60 158.0-8.00 1,027,555 + 890

Aluminum Alloy 171,330 + 140

Copper 147,012,50 + 15325

Lead 1,040,000 + 100

Nickel 159,824 + 1608

Tin 2,101,710 1730-7800

3 mth Ecu 1156.5-58.5 1116.0-78.0 2,2082 47,973 + 2373

Settlement Conversion 1,6321 1,6341 221.72 Stock volumes & change at 1 Jan 97

Precious Metals

Spmk & Son

pm S t Coles S E

Platinum 352.50 216.05 Britannia 364 223 Rughunda 341,053/309,216

Silver spot 131.25 82.30 Britannia 5 oz 115 503 4835

Gold Dm 340.45 202.63 Britannia 10 oz 47 29 Maple Leaf 345,361/215,223

Settlement Conversion E\$ 5.00 D\$m 1,6321 1,6341 221.72 Stock volumes & change at 1 Jan 97

Industrial Metals

\$tence Cash 3 mths

Volume LME Stocks chg

Aluminum 1,155.0-56.0 1,147.0-56.0 5,026,555 + 890

Aluminum Alloy 1,171,330 + 140

Copper 1,240,12,50 + 15325

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# Rain dampens trainers' anger

## Racing

GREG WOOD

In a normal year, it would occur to be a fairly thin news day before "rain in February" became a worthwhile item, but 1997 is anything but normal, and reports that Cheltenham racecourse received a thorough soaking on Sunday night swept all before them on racing's bush telegraph yesterday. With just four weeks to go to the National Hunt Festival, Philip Arkwright, the clerk of the course, briefly postponed plans to water the track artificially, and several trainers who have been grumbling about the prevailing fast-ground suddenly fell silent.

At least, they did for the moment. The post of clerk of the course at Cheltenham is one of the most desirable the sport can offer, but from the start of February onwards, Arkwright

can be fairly sure that each morning's browse through the trade papers will see another verbal grenade or two heading in his direction.

David Nicholson and Jim Old, both of whom would like an easy surface for their respective Champion Hurdle candidates, Relkeel and Collier Bay, will now be a little happier. Others, though - Jessica Harrington, who prepares the fast-ground specialist Space Trucker, springs to mind - may feel that their own chances have suffered as a result. For punters, too, long-cherished ante-post slips may suddenly appear less valuable.

Some would argue that Arkwright should simply let nature take its course, but the possibility of firm ground for the Festival is not one he is prepared to entertain. "We've had about 7mm of rain, just over a quarter of an inch," he said yesterday, "but it's not as much as we

need and although there are fronts coming in, my local forecaster does not think it will amount to all that much."

The "local forecaster", by the way, is not an ageing shepherd with a bit of seaweed hanging from his porch, but, less romantically, a contact at the Bristol weather centre.

**RICHARD EDMONDSON**  
NAP: *Naughty Future*  
(Ayr 2.10)  
NB: *Mr Kartwit*  
(Ayr 3.40)

"You're never going to satisfy everybody," Arkwright said, "but we have a perfectly clear policy and we will not divert from it, which is that we should produce good ground for the Festival meeting."

This is an exceptional year and it is probably going to take exceptional steps to do that, but we think it is in the best interest

of the British public,

celebrating the Festival again. It's not about us, it's about the events where two regulars care that you're your way running, they could be losing the car insurance claim, the legal implications, the caption of the *Autumn Advertiser*.

Frankly, the only thing left without rain was the amount of time we've got to the festival, and when we're talking about the weather, it's not about us, it's about the weather.

The Festival, unlike the National, is not controlled by the Weather Bureau. It's the people who are responsible for the weather, they could be losing the car insurance claim, the legal implications, the caption of the *Autumn Advertiser*.

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## sport

**WORLD CUP COUNTDOWN:** Qualifiers present England and Scotland with contrasting challenges against Italy and Estonia respectively

# Zola has mark of distinction

Italy's pocket-sized playmaker is ready to walk tall at Wembley, he tells Clive White

**N**ot since Ossie Ardiles brought his wiles to these shores has a foreigner made a bigger impact on the English game – nor been more adored – than Gianfranco Zola. And the latter seems to have managed it in half the time. Now, just as the Falklands War temporarily interrupted the love affair between England and its little Argentinian, so tomorrow's vital World Cup game at Wembley threatens to come between the nation and its diminutive Italian.

Chelsea's artful striker poses England the greatest single threat to their hopes of reaching the finals in France next year. Talk about hitting the hand that feeds. Just how Glenn Hoddle, the England coach, chooses to deal with a player he tried to sign himself when manager at Stamford Bridge could well determine the outcome of the game, if not Group Two itself.

It mark or not to mark, that is the question. "It's not a problem for me," Zola claimed. "I handled it many times in Italy. I have played against Gentile, Costacurta, Vierchowod and Ferrara, so there is nothing defenders can do to me in England worse than I've already had. They can mark me but there are 10 other players on the pitch."

Yet three of English football's journeymen – Lucas Radebe (Leeds United), Peter Atherton (Sheffield Wednesday) and Des Lytle (Nottingham Forest) – have each successfully drawn the little man's sting. Indeed Wednesday tried it both ways: for the first 20 minutes they attempted to deny him space and found themselves two goals down, one of them by Zola. They then put Atherton on him and ended up drawing.

"He's a wonderful instinctive, intuitive little man," said David Pleat, the Wednesday manager, said, "but no player is happy when he's marked despite all this rubbish that [Chelsea manager Ruud] Gullit has come out with to the contrary."

Opinion is pretty much divided on how to deal with Zola and even the Forest coach, Liam O'Kane, thought England would be better off concentrating on their own game. Their marking job was hatched between the caretaker manager, Stuart Pearce, and his old Forest and England team-mate, Des Walker, who knew Zola from his Sampdoria days.

It has not had much effect in six-a-sides at Chelsea, though. Dennis Wise was given the task the other day. "He's got happy feet," Wise said. "He jinks one way and then the other and then it's see you, in it."



Zola: 'Intuitive' talent



Paul Merson takes a break from training yesterday for tomorrow's Wembley meeting with Italy. Photograph: Peter Jay

## Opposites attract Hoddle

**Trevor Haylett** meets a pair of gifted England players with one goal in common

Even years and 10 caps separate Paul Merson and David Beckham, but in other ways they are two players sharing the thrill of starting out on the international road.

Part of the healing process for rehabilitating Merson includes viewing today, and all that life brings to it, as if yesterday never happened.

Zola professes to have fallen in love with the game again at Chelsea after falling out with Carlo Ancelotti. The Parma coach insisted on playing him in a wide midfield position, about as daft as Johan Cruyff playing Gary Lineker on the wing at Barcelona.

"It's the most relaxed I've been in my career, and that's important because my football is instinctive," Zola said. "Here I can get away from it and spend time with my family, so that when it comes to matches I'm much more interested in going out and playing."

A favourite of the former Italy coach, Arrigo Sacchi, who picked him ahead of Roberto Baggio for Euro '96, Zola is now keeping the richly talented Alessandro Del Piero waiting for a regular place in Cesare Maldini's team. As understudy at Napoli to Diego Maradona (from whom he learned his free-kick cunning) Zola knows what is like to be kept waiting for that precious No 10 shirt. Now England need to get to grips with it.

Ardes resolved his own conflicting loyalties to club and country by heading off, temporarily, to France. Let us hope Zola does not follow suit – least ways not without us.

overshadowed other no-shows – seven in all. In theory, the friendly with the Irish, who will not name their team until this morning, was to prepare the side for next month's World Cup qualifier against Belgium, instead it has become an experiment. Bobbie Gould might feel he could have done without it if they lose.

To compound the Welsh manager's frustration, the fax from Old Trafford withdrawing Giggs arrived 24 hours late and the story appeared in newspapers before Gould was informed. "If the lad is injured I have to accept that," he said. "I would never challenge a manager if he says a player is not fit. The last thing I want is confrontation."

The Welsh public would be perfectly happy to confront Giggs or, in particular, the United manager, Alex Ferguson, who is seen as the true villain of the

piece, but if they doubt the commitment coming from Manchester they are assured about Nottingham. Mark Crossley, the Forest goalkeeper, makes his debut with managerial approval already ringing in his ears.

Crossley, who was born in Barnsley, persuaded Gould to play him by hard labour off the field as much as on it. "The way he has done the work to prove his eligibility for Wales is quite remarkable," he said.

Karl Ready, the Queen's Park Rangers centre-back, also makes his debut in a side which, with Vinny Jones, Barry Horne, Mark Hughes and John Hartson, is unlikely to be accused of faint-heartedness. Indeed the prospect of that collection competing against Roy Keane could bring blood-sports protesters filling the stands never mind football supporters.

Regrettably the National Stadium will be three-quarters empty which means what could be Paul McGrath's last appearance in an international in Britain will go largely unnoticed. The 37-year-old returns for the Irish, refreshed by a new marriage and a low alcohol intake, and will pit his patched together body against Hughes. Unfortunately for the Republic's prospects, the Liverpool defender Phil Babb was forced to withdraw from their squad yesterday with a knee injury.

You could call it the ageing matador against the raging bull. Gould posed the question to his squad yesterday whether there is such a thing as a friendly. "Definitely not," one soft voice replied. It belonged to Hughes.

WALES: Crossley (Nottingham Forest); Ready (OFC), Speed (Sunderland), Symons (Middlesbrough), Jones (Cardiff City), Jones (Wimbledon), Pilkington (Sheffield Wednesday), Birmingham; Hartson (Arsenal), Hughes (Chelsea).

## Giggs' commitment questioned

**GUY HODGSON**

The Republic of Ireland are in Cardiff although who is present is not bothering Wales at the moment half as much as who is missing. The principality has got itself into a lather about Ryan Giggs and for the first time the sentiments fall far short of adulation.

A record of no appearances in Wales' friendlies has turned a portion of the public into sceptics about the Manchester United winger and the mood is not particularly wholesome. Local papers have questioned his commitment to the country and, according to reports, even his grandparents have appealed to him to turn out soon to spare them from abuse.

Giggs is the Welsh player as far as the public is concerned and his absence with a calf strain has

planned leadership the players require in our current situation."

John Toshack ended the most trying period of his long managerial career late on Sunday night when he resigned from Deportivo La Coruna. The Spanish side have been struggling to keep in touch with Real Madrid and Barcelona and problems on the pitch were aggravated when Toshack clashed with club authorities, players and fans.

Meanwhile, Barcelona's embattled coach, Bobby Robson, has been offered money by some of the club's fans to leave the job. One group implored the former England manager to leave, saying: "Please disappear as soon as you can. If you need money, we can give it to you."

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**The Sporting Life**

## Nicholl heads Millwall exodus

**CATHERINE RILEY**

Jimmy Nicholl, the Millwall manager, and his assistant, Martin Harvey, were yesterday sacked by the Second Division club's administrators.

Twelve players have also been put on the transfer list and the chief executive, Graham Hopton, made redundant. The former Millwall manager John Docherty will take control of team affairs and all staff who are staying on have been asked to take a 10 per cent drop in wages.

Administrators David Buchler and Lee Manning said: "These cuts were always seen as an integral part of the way forward. It is a very painful but necessary

process. Both Mr Hopton and Mr Nicholl have been very loyal to the club, but it was our view that changes needed to be made in both areas to stimulate success both on and off the field."

These changes, together with a planned reduction in the playing squad, will contribute approximately £1.5m a year in savings. As well as concentrating on savings, we are looking at every area of improving the club's income and exploiting its excellent facilities.

"There is a huge amount of hard work still ahead and the financial position is still critical. The club will only survive with the help of the supporters."

Ronnie Whelan is waiting for a referee's report on which his

## Scots aim to make light of Estonia

**PHIL SHAW**  
reports from Monte Carlo

Amid the neon-lit opulence of Monte Carlo, which burns up enough power of an evening to illuminate Tallinn for a week, Scotland will tonight seek to make Estonia pay for the dark farce of October by collecting a further three points towards qualification for next year's World Cup finals.

The same Yugoslav referee and Fifa delegate from Luxembourg who were involved in the country's three-second "match" in the Estonian capital reconvened last night to test the floodlights at Monaco's Louis II Stadium.

To no one's surprise, they

won the approval of the rival associations, yet Craig Brown will not be viewing his team's Group Four opponents in a new light.

The Scotland manager sat his

squad down yesterday in front of a videotape of Estonia's recent friendly against Terry Yorath's Lebanon side. The Lebanese won 2-0, but the screening, together with the report of his "spy" in Beirut, Frank Coulston, confirmed what Brown knew before the latter moved to Monaco.

Coulston warned that his club's pitch deteriorates every winter, the result of poor drainage and of being built on the third floor of a leisure complex, with car parks and tennis courts below.

He sensed that the French were "not particularly interested" in the game, but added: "The motivation for professional players comes from within, but with 2,000 of our supporters there the atmosphere should still be good."

Victory would set the Scots

up nicely for their three vital

matches before May Day – at

home to Estonia and Austria,

and away to Sweden – while

anything less might so seeds of

doubt that could grow ominously as Monaco's spring tem-

peratures finally reach Scotland.

ESTONIA: (probable): 4-1-1-1: Peeter (Flora); Tamm, K. Mihkelson, J. Mihkelson, Oleg (all Flora), Arnel, Oleg (all Salto); Opfer, M. Roosa (all Flora), Arnel, Oleg (all Salto); Kristjan Zeffeld (both Flora).

SCOTLAND: (probable): 3-4-2-1: Gordon (Paisley); Calvert, McNaught (both Hearts); Hendry (Aberdeen); McMillan (Celtic); McCormick (Falkirk); D. Ferguson (Celtic); McKinlay (Rangers).

MONACO: (probable): 4-2-3-1: Bertrand (Bayonne); Cottet, Lemoine (both Monaco); Heurelho (Monaco); Medjani, McNaught (both Celtic); McMillan (Celtic); McCormick (Falkirk); D. Ferguson (Celtic); McKinlay (Rangers).

## Clock on keepers

Football's world governing body, Fifa, plans to limit the time goalkeepers have to get the ball back into play – but make it legal for them to move on the line before a penalty.

Sepp Blatter, the Fifa general

secretary, said yesterday that the

governing body would discuss

the changes to the rules at a

meeting on 1 March.

"I have nothing against goal-

keepers, quite the opposite.

They have it hard enough.

But Fifa wants to stop them getting away with wasting so much time," Blatter said. "Too often

you notice a goalkeeper because he is standing still rather than moving.

"He catches the ball, strokes

it, holds it tightly, waves at all

the other players that they

should leave him alone with his

private property, lets a few

more seconds tick by, looks

around a bit more and then he

leaves the field.

In Brazil, the defending

champions Palmeiras were

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disallowed a goal and sent off

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their 1-1 draw with promoted

Sao Jose in the Sao Paulo

ampionship at the weekend.

The Canadian Sonia De-

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is now using foreign referees for

important matches to avoid

accusations that officials are

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off the field.

Goalkeepers will now, how-

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very common, he added.

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**Running into danger**  
The Olympic champion who dodges bullets in South Africa, page 27

# sport

**Starting over**  
Paul Merson hopes for an England relaunch against Italy, page 26

**SECOND TEST:** England's trouncing of New Zealand by an innings and 68 runs takes embattled tourists into welcome territory

# Victory has Atherton jumping for joy

DEREK PRINGLE

reports from the Basin Reserve, Wellington  
New Zealand 124 & 191  
England 383  
England win by Innings and 68 runs

If a computer had simulated it, the result of the second Test here would surely have been a stalemate; while the current height of New Zealand's ambition is to play for the draw, England are not used to winning away from home, as they showed in the first Test in Auckland. Instead, with England's bowlers in rare mood, New Zealand were trounced yesterday by an innings and 68 runs as the touring team played their most intense cricket of the tour.

That is a drubbing in anyone's language, and it puts England into overseas territory (i.e. one up in the series) they have not explored since they were last here, five years ago.

Graffitiing, from the England management's point of view, is also a situation that has at last given the England captain something substantial with which to thump his tuh. And in his most impressive performance in front of the media this winter, Mike Atherton admitted feeling somewhat relieved that England had finally managed to convert supremacy into victory.

"We've got so close this winter a couple of times," he said, his hair matted with the usual alcoholic accoutrements of victory. "It was nice to finally finish it off. I'm very pleased for the players. We've worked hard generally over the longer form of the game and played some good cricket this winter. They deserve to get a victory."

At one stage, as persistent morning drizzle threatened to hold up play, it again looked nip and tuck as to whether England would get the win they had worked for. However, once it had lifted and England were able to take the second new ball, the result became a formality that even England's win-shy cricketers could not avoid.

"It was a different surface to the one in Auckland," Atherton said. "There a tailer could hang around. But there was no way, given a new ball and bowlers bowling well, that tailenders were going to hang around."

It was, in hindsight, a good loss to lose, and Atherton might have said a quiet thank you to his opposite number, Lee Germon, for winning the toss and batting. The England captain would have made the same decision had the first day offered more than the two hours' play that were eventually possible after rain had delayed the start. At 36-6, on the first evening, New Zealand were essentially out of the match after just two hours' play.

There was another difference too, and it came in the tanky form of Andrew Caddick.

a consistently menacing presence whose swing and bounce helped overcome the current lassitude of Dominic Cork, who was curiously out of sorts.

Gough, who gamely took on a strong wind on the last day, may have ended with the best haul - his 9 for 92 was his best Test match return - but Caddick got more than anyone out of this engaging pitch, which, as Atherton pointed out, had something in it for everyone.

Euphoria can be a great disguise, while the England coach, David Lloyd, is pondering the case with which he has gone from Basil Fawley to Jim'll Fix It. There is still the unanswered question as to why this was Caddick's first Test of the winter. Indeed, he would probably not have played here had Chris Silverwood not been freakishly injured in practice two days before the start.

There is a theory that Caddick lacks the necessary mettle when the going gets tough. As this is virtually all the time where England are concerned, his absence - if that theory is correct - is perhaps understandable. However, it is hard to recall when he last let England down in a Test match.

For all Caddick's niggle faults, he is a talented bowler who can win matches and he was probably the decisive factor in a cohesive team effort. In any case, playing him was likely to be a positive measure and one that has the added benefit of allowing Gough to attack without compromise. It was Gough who got England going yesterday, taking four wickets in 21 balls before lunch, although it was fitting that Caddick took the last two wickets to secure victory.

In contrast Nick Knight is suffering a minor crisis in confidence and, but for the absence of another opening batsman, would probably struggle to keep his place in the side. As it is his slip catching has been outstanding and epitomised a much improved England fielding performance. As Croft was quick to mention after his decisive three-wicket spell late on Monday evening, supportive fielding lifts bowlers and creates pressure. Over the last five days, New Zealand could cope with neither.

But where exactly, with the Ashes series ahead this summer, does this rare Test win leave England in terms of world ratings? Although there was a time when beating the tenacious Kiwi at home was a hard-earned achievement - rather than something all but handed over on a plate thanks to the New Zealanders' limp and hair-brained batting - England's win, however welcome, was not the stuff of legends. That will come later,

Mike Atherton, the England captain, raises his arms in triumph as the final wicket falls in Wellington yesterday  
Photograph: Chris Tufrey/Empics

on a turning pitch, when Daniel Vettori has graduated from teenage Kiwi prodigy to prodigious spinner and midnight curfews are necessary only for schoolgirls in convents.

Yet there is a good feel and shape to this England team. For one thing, the bowling seemed balanced, and if Cork's arm and form were both below their best, Robert Croft and Phil Tufnell trussed up those that escaped the clutches of Gough and Caddick.

It is a performance for which Ian Botham, England's part-time bowling coach, can take only the most slender of credits, unless he has been issuing instructions at the end of his mobile phone on Lake Taupo.

Nevertheless, it is a combination that is only possible while Alec Stewart is able to stay free of injury and keep wicket. At present, Stewart is managing to do both, as well as score runs, but it is a precarious position from which to have everything else flow.

Making big runs is a habit his Surrey colleague, Graham Thorpe, also appears to have taken up now that he has regained his confidence and got his weight distributed proportionately between front and back foot.

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